MONTANA

Department of Commerce

MONTANA

CONSOLIDATED PLAN

ANNUAL ACTION PLAN

PLAN YEAR 2006

April 1, 2006 -- March 31, 2007

http://housing.mt.gov/Hous_CP.asp

mt.gov

Montana's Official State Website

EQUAL HOUSING OPPORTUNITY

Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format such as large print, Braille, audiotape, or computer diskette, please contact the Montana Department of Commerce Housing Division at (406) 841-2820;
TDD: (406) 841-2702;
Montana Relay Services number: 711.

TABLE OF CONTENTS

INTRODUCTION 1

CONSOLIDATED PLAN DEVELOPMENT PROCESS 2

ADVISORY AND POLICY FORMATION FUNCTIONS 2

INTERAGENCY COOPERATION AND COORDINATION 3

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS 5

PUBLIC AWARENESS OF THE CITIZEN INVOLVEMENT PROCESS 5

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN 5

RESOURCES 8

FEDERAL RESOURCES EXPECTED 8

Community Development Block Grant (CDBG) Program 8

HOME Investment Partnerships (HOME) Program 9

Emergency Shelter Grant (ESG) Program 10

Continuum of Care (CoC) Competitive Grants 10

Housing Opportunities for Persons With AIDS (HOPWA) 11

Low Income Housing Tax Credit (LIHTC) Program 11

OTHER RESOURCES AND PLANS 12

Elderly Homeowner/Renter Credit 12

Property Tax Exemption 12

Montana Board of Housing Programs 13

Homeownership Programs 13

Multi-Family Programs 15

Reverse Annuity Mortgage (RAM) Loan Program 15

Affordable Housing Revolving Loan Fund 16

Montana Department of Commerce, Housing Assistance Bureau Programs 16

Project Based Section 8 16

Tenant Based Section 8 17

Montana Department of Commerce, Treasure State Endowment Program 17

Montana Department of Natural Resources and Conservation, Renewable Resources Grant and Loan Program 18

GEOGRAPHIC DISTRIBUTION OF FUNDS 19

MAPS 20

ACTIVITIES 24

DELIVERY OF PROGRAM SERVICES AND METHOD OF FUNDS DISTRIBUTION 24

Community Development Block Grant 24

HOME Investment Partnerships Program 28

HOME Program Single Family Allocation Pilot Program 29

Emergency Shelter Grant Program 33

Housing Opportunities for Persons With AIDS Program 33

HOMELESS, SPECIAL NEEDS, AND MINORITY POPULATIONS 34

The Homeless 34

Elderly and Frail Elderly 37

Persons with Disabilities 39

Minority Populations 44

Native American Population 44

ADDRESSING LEAD-BASED PAINT HAZARDS 49

ACTIONS FOR THE PLAN YEAR 51

NEEDS 51

PERFORMANCE MEASUREMENT 53

PROGRAM OBJECTIVES AND ACTIONS 55

Housing 55

Homelessness 61

Economic Development 62
Infrastructures and Public Facilities 64
Additional Plans and Actions 66
Addressing Obstacles to Meeting Underserved Needs and Removing Barriers to Housing 66
Reducing the Number of Poverty Level Families 67
Developing Institutional Structure 68
Enhancing Coordination between Public and Private Housing and Social Service Agencies and Fostering Public Housing Resident Initiatives 68
PROGRAM SPECIFIC REQUIREMENTS 69
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 69
CDBG Program Categories 69
Ranking Criteria 71
Monitoring 73
HOME INVESTMENT PARTNERSHIPS PROGRAM 74
Match Requirement 76
Period of Affordability 76
Guidelines for Recapture or Resale 77
Monitoring 78
EMERGENCY SHELTER GRANT PROGRAM 79
Monitoring 80

APPENDIX A - CITIZEN PARTICIPATION PLAN

APPENDIX B - CITIZEN COMMENTS

APPENDIX C - SUMMARY OF COMMENTS:
HOME PROGRAM PROPOSED PILOT PROGRAM

INTRODUCTION

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12-month period beginning April 1, 2006 and ending March 31, 2007 (federal fiscal year 2006) and is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD). Each year, Montana submits an action plan illustrating how the HUD Community Planning and Development (CPD) resources it receives will be utilized to improve communities throughout the state. The state's goals include:

- Increasing the supply of decent, safe, affordable housing, especially for low- and very low-income families, individuals, and special needs populations such as the elderly, disabled and homeless;
- Expanding economic opportunities in order to improve the living conditions for low- and moderate-income groups; and
- Expanding and improving community facilities and services, principally for low- and moderate-income persons, which are essential for sound community development and for development of viable communities.

The plan, developed with the input of citizens and community groups, serves four major functions:

- It is the state's application for funds available through the three HUD formula grant programs that are administered by the state of Montana:
  - The Community Development Block Grant (CDBG) program, administered by the Community Development and Business Resources Divisions of the MDOC;
  - The HOME Investment Partnerships (HOME) program, administered by the Housing Division of the MDOC; and
  - The Emergency Shelter Grant (ESG) program, administered by the Human and Community Services Division of the Montana Department of Public Health and Human Services (MDPHHS).
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG and other related programs.
- It lays out the funding resources expected, the method of fund distribution, and the actions the state will follow in administering HUD programs.
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The state supports its Consolidated Plan with additional documents, including the *Economic and Demographic Analysis of Montana*, and *Economic and Demographic Databook*. The documents, studies, evaluations, and previous Consolidated Plan reports help individuals, communities, and organizations meet the basic goals of the

CDBG, HOME, and ESG programs, and provide useful information for the public and legislature.

The Annual Action Plan provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs during the plan year.

CONSOLIDATED PLAN DEVELOPMENT PROCESS

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the state strives to improve the delivery of assistance to the people of Montana. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities such as infrastructure enhancement and economic development.

ADVISORY AND POLICY FORMATION FUNCTIONS

Throughout the year, the MDOC interacts with other agencies and organizations with a commitment to better develop housing strategies. The MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. The MDOC supports a broad-based “team” approach to address affordable housing issues through the formation of the Consolidated Plan Steering Committee and Housing Coordinating Team. The MDOC has also been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team, which was formed in 1982 to address infrastructure issues. These committees and groups provide direction and input to the Consolidated Plan.

Additionally, the Housing and Community Development Divisions of the MDOC continue improving coordination in the area of joint applications, workshops, and reporting forms.

The CDBG Economic Development (CDBG-ED) program works in tandem with the other business financing and technical assistance programs in the Business Resources Division (BRD) to meet the objectives of the MDOC for statewide economic development. In addition to providing loans to for-profit businesses, CDBG provides leverage of dollars and technical assistance to the business community throughout the state.

The MDOC HOME program continues to advise nonprofit groups on how to form certified community housing development organizations (CHDOs). An MDOC-certified CHDO can apply for CHDO set-aside funds under the MDOC HOME program, and like units of local government (cities, towns, and counties) and public housing authorities (PHAs), CHDOs are also eligible to apply for HOME grant funds that are not part of the CHDO set-aside.

INTERAGENCY COOPERATION AND COORDINATION

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, Montana Board of Housing (MBOH) and CDBG programs, other Housing Division programs, the Montana Home Choice Coalition/A.W.A.R.E., Inc., and Fannie Mae's Montana Partnership Office met during the plan development process to review the status of and provide input to the Consolidated Plan. In addition, other agencies, such as the Montana Departments of Environmental Quality (MDEQ), Natural Resources and Conservation (MDNRC), and Labor and Industry (MDOLI), and the MDPHHS are solicited as needed for input on specific topics contained in the action plan and supporting studies.

The **Housing Coordinating Team** (HCT), also chartered by the MDOC, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas of cooperation include evaluating the effects of impact fees on affordable housing, coordinating monitoring requirements within the MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include the MDOC and MDPHHS, HUD, Fannie Mae's Montana Partnership Office (MTPO), U.S. Department of Agriculture Rural Development (USDA RD), and local housing authorities.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W_2ASACT) is a group of professionals from state and federal governments, and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. W_2ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W_2ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W_2ASACT subcommittees continue to address issues of community planning and environmental regulation in order to streamline the application and project implementation process for small rural communities. A current goal is to consolidate multiple, separate environmental mandates into one coordinated environmental review process, including the development of a common environmental assessment form that would be accepted by all funding agencies.

In addition, staff from the MDOC and/or the Housing Division regularly attends and participates in meetings held by the **Montana Continuum of Care**, the **Montana Home Choice Coalition**, the **Montana Homeownership Network**, the **Tri-State HELP** program, **Mental Health Oversight Advisory Council,** and the **Montana Council on Homelessness**.

The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area.

The Montana **Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities. A.W.A.R.E., Inc. coordinates the Coalition, which receives support and sponsorship from the Fannie Mae MTPO and the MDPHHS. The Coalition develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities.

An affiliate of Neighborhood Housing Services, Inc. of Great Falls (NHS), the **Montana HomeOwnership Network** (MHN) is a nonprofit housing provider offering affordable homeownership opportunities to lower income individuals and families around the state. Its partners include the Resource Conservation & Development districts, homeWORD, tribal housing authorities, USDA-RD, HUD, Assiniboine and Sioux Tribal Enterprise, NeighborWorks America, cities of Great Falls and Billings, Fannie Mae MTPO, First Interstate BancSystem Foundation, Heritage Bank, US Bank, Wells Fargo Bank, Stockman Bank, Mountain West Bank, Montana Building Industry Association, Montana REALTOR® Association, Career Training Institute, Helena Area Housing Task Force, Elkhorn Housing Development Corporation, Human Resource Development Councils, and the MBOH.

The **Tri-State HELP** program is a housing assistance program for people living with HIV/AIDS in the states of Montana, North Dakota, and South Dakota. Tri-State HELP is funded through competitive Housing Opportunities for Persons With AIDS (HOPWA) grants from HUD.

The 1999 Montana Legislature directed the Montana Department of Public Health and Human Services to create the **Mental Health Oversight Advisory Council** (MHOAC). MHOAC provides input to the MDPHHS in the development and management of the public mental health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and MDPHHS representatives.

In response to the growing problem of homelessness in Montana, former Governor Judy Martz issued an Executive Order in June 2004, establishing the **Montana Council on Homelessness** (MTCoH). The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing

resources. MTCoH members come from the public, private, and business sectors as well as state and federal agencies. They represent the Governor's Office, Montana Departments of Public Health & Human Services, Corrections, Labor and Industry, Public Instruction, Veteran's Affairs, and Commerce, as well as Social Security, the Board of Crime Control, the Montana Continuum of Care, the Montana-Wyoming Tribal Leaders Association, and the private and nonprofit sectors.

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS

As part of the plan update, numerous outside agencies and individuals were contacted. These organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the action plan and related studies.

PUBLIC AWARENESS OF THE CITIZEN INVOLVEMENT PROCESS

Two public input and three public review meetings were held. At a minimum, the meetings were noticed with general announcements to everyone on the Consolidated Plan mailing list, with general newspaper ads in the state's major newspapers, personal invitation letters to everyone on the Consolidated Plan mailing list living in the areas in which the meetings were being held, and specific newspaper display ads in the areas the meetings were being held.

On-Site Public Input Meetings			
Kalispell	April 13, 2005	12:00 – 1:15 PM	Central School Museum; 124 2nd Ave. E.
Livingston	May 10, 2005	12:00 – 1:00 PM	Yellowstone Inn & Conference Center; 1515 W. Park
On-Site Public Review Meetings			
Glendive	October 12, 2005	12:00 – 1:00 PM	Comfort Inn; 1918 N. Merrill
Helena	October 26, 2005	12:00 – 1:00 PM	Holiday Inn Downtown; 22 N. Last Chance Gulch
Havre	November 9, 2005	12:00 – 1:00 PM	Triangle Telephone Cooperative; 2121 Highway 2 W.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for the plan year beginning April 1, 2006 is partially based on current and past research studies and analyses of housing, infrastructure, and economic development needs.

Prepared by the Center for Applied Economic Research at Montana State University-Billings, the purpose of the *Economic and Demographic Analysis of Montana* is to provide current data and analysis for two primary uses: first, for the MDOC in preparing Montana's Consolidated Plan; and second, for communities and other organizations that apply for federal funds from the HOME and CDBG programs for housing projects, public facilities, and economic development activities. This data may also be useful to other entities in need of statewide or county level analysis of economic, demographic, and housing trends.

Volume I of the *Economic and Demographic Analysis*[1] presents and analyzes economic data by county for Montana including income and poverty data from the U.S. Census Bureau, employment, earnings and income data from the U.S. Bureau of Economic Analysis (BEA), and labor force statistics from the Montana Department of Labor and Industry (MDOLI) and the U.S. Bureau of Labor Statistics.

Volume II of the *Economic and Demographic Analysis*[2] presents an analysis of Montana demographic data by county. These statistics include 1990 and 2000 Census population data as well as current population estimates. Certain social characteristics are also examined such as gender, age and race, population living in group quarters, marital status, veteran status, and school enrollment.

Detailed data on the disabled population in Montana is presented in the appendix to Volume II[3], including detailed statistics of disability counts by county and cities with a population of 5,000 or more from Census 2000.

Volume III of the *Economic and Demographic Analysis*[4] presents Montana housing statistics by county using 1990 and 2000 Census data, including (a) the year the structure was built, (b) the number of units in the structure, (c) the number of rooms per structure, (d) the occupants per room, and (e) the number of structures lacking complete plumbing or kitchen facilities. Census 2000 homeownership rates are analyzed as well. The Census forecast of 2001, 2002, 2003, and 2004 housing units is also presented as well as historical new construction permit data. Current year data on total monthly housing costs are calculated including mortgage payment or rental payment, property taxes, insurance cost and utility costs. These costs are compared to median family income to determine affordability. In addition, historical information on housing prices is presented.

Using data from NPA Data Services, Inc., the *Economic and Demographic Databook* looks at six areas of interest for each county in Montana, including: historic and forecast population; historic and forecast earned and unearned income; historic and forecast earnings by industry; total population by age cohorts, male population by age cohorts; and female population by age cohorts.

---

1 *Economic and Demographic Analysis of Montana - Volume I, Economic Profile*, Center for Applied Economic Research, Montana State University-Billings, January 2006; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

2 *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, November 2005; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

3 *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Dat*a, Center for Applied Economic Research, Montana State University-Billings, November 2005; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

4 *Economic and Demographic Analysis of Montana - Volume III, Housing Profile*, Center for Applied Economic Research, Montana State University-Billings, December 2005; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

The *Montana Housing Resource Directory*[5] includes descriptions of a variety of federal, state, and local housing programs available in Montana. New to the directory this year is a section on "Housing Rights, Fair Housing Advocates, Legal Assistance, and Other Resources". The directory and associated reference guide are meant to provide an overview of the available programs along with contact information.

The following documents and studies have been prepared or updated in support of the Consolidated Plan and other programs and are used in the planning process:

- *Economic and Demographic Analysis of Montana* - Volumes I, II, III[6] ... 2005/2006
- *Economic and Demographic Databook*[6] 2006
- *Economic Benefits of MDOC Housing Programs*[6] 2005
- *Montana Housing Condition Study*[6] 2005
- *Montana Housing Needs Assessment*[6] 2005
- *Montana Housing Resource Directory*[6] 2005
- *Senior Housing in Rural Montana*[6] 2006
- *2003 Price of Housing Study in Montana*[6] 2004
- *Analysis of Impediments to Fair Housing and Housing Choice*[6] 2004
- *Capital Improvements Planning Manual*[7] 2004
- *Homeless in Montana: a Report*[8] 2004
- *Survey of Water, Wastewater, and Solid Waste Facility Rates in Montana*[7] ... 2003
- *Location of Growth in Montana*[7] 2002
- *County Bridge and Road Capital Improvement Planning and Financing Manual*[7] 2001
- *Planning & Financing Community Water & Sewer Systems in Montana*[7] 1997
- *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana*[7] 1996
- *A Handbook: Capital Facilities Scheduling & Financing*[7] 1995
- *Inventory of Infrastructure Needs*[7] 1995

---

5 *Montana Housing Resource Directory*, Montana Department of Commerce, January 2006; **http://housing.mt.gov/Hous_CP_HsgResDir.asp**

6 Contact the MDOC, Housing Division, at (406) 841-2820 for information on these and other publications or access the documents through the Housing Division website at: **http://housing.mt.gov/Hous_CP_HsgEconDemRptsStats.asp**

7 Contact the MDOC, Community Development Division, at (406) 841-2791 for information on these publications.

8 Contact the MDPHHS, Human & Community Services Division at (406) 444-4260 for this publication or access it through the following website: **www.mtcoh.org/MTCoHMinutesProductsandMaterials.htm**

RESOURCES

FEDERAL RESOURCES EXPECTED

Community Development Block Grant (CDBG) Program

The Community Development Division (CDD) and the Business Resources Division (BRD) of the MDOC administer the CDBG program. For the plan year beginning April 1, 2006, the state will receive $6,886,683 in federal CDBG funds, a decrease of nearly $740,000 from FFY 2005. Of these dollars, one-third, or approximately $2.2 million, would be allocated for economic development projects, administered by the BRD. Nearly $4.4 million would be split between public facility projects ($2.6 million), housing and neighborhood renewal projects ($1.6 million), and planning grants ($225,000), administered by the CDD.

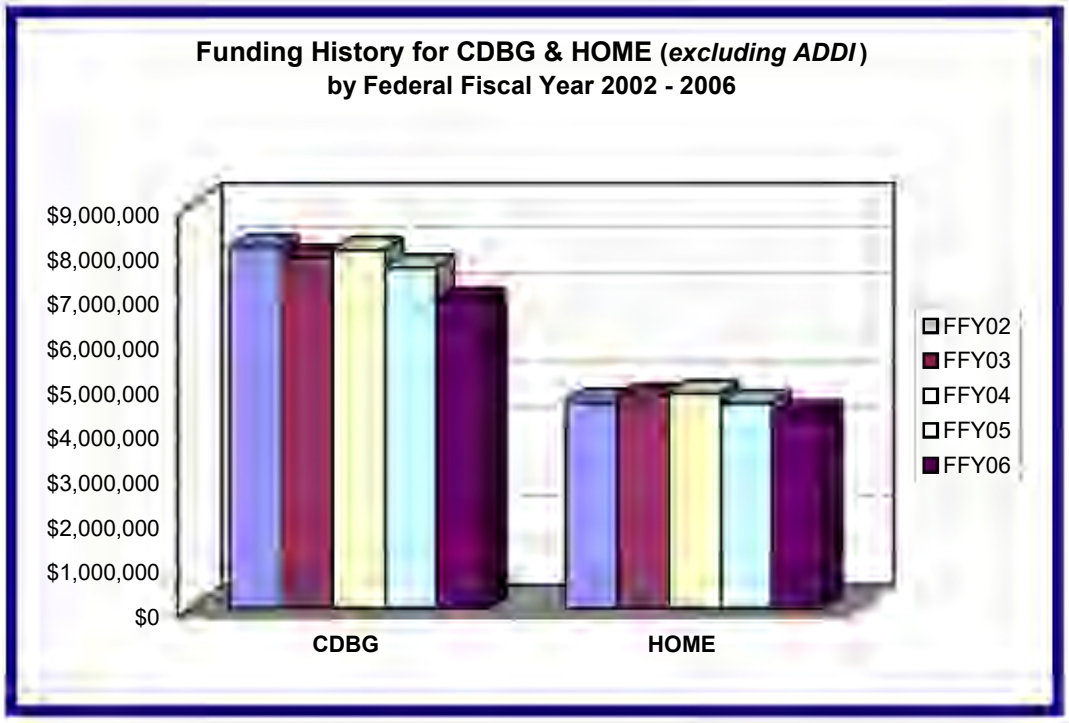
The CDBG program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

CDBG

FFY 2006

	Minimum Amount	Maximum Amount
Competitive		$ 6,580,082
Formula		
Retained for State Projects		
Non-Competitive		
State Admin of Program		$ 306,601

Since the MDOC began administering the state CDBG Program in 1982, the annual budget for the CDBG program set by Congress has seldom varied, up or down, by more than about five percent. Last year, the President's administration proposed terminating the CDBG program. After major review and discussion throughout the year, in December 2005, Congress approved a HUD budget that reduced funding overall for the CDBG program by approximately 10 percent. This action resulted in a reduction for Montana from the FFY 2005 level of $7,626,300 to $6,886,683 for FFY 2006, a reduction of 9.7 percent. The President's FFY 2007 budget again proposes further cuts in CDBG.



HOME Investment Partnerships (HOME) Program

The HOME program, administered by the MDOC Housing Division, will receive an estimated $4.34 million for the plan year beginning April 1, 2006. Funds will be used to develop affordable housing for low- and very low-income persons.

Additionally, the MDOC will receive $82,255 in American Dream Downpayment Initiative (ADDI) funds for FFY 2006, down from $164,842 in FFY 2005 and $289,084 for FFY 2004. ADDI, which was signed into law in December 2003, originally provided for $200 million each year from 2003 until 2007 to be allocated to HOME participating jurisdictions based on the percent of low-income renters in the jurisdiction relative to the percent of low-income renters in the United States.

The HOME program expects that an undetermined amount of program income will be generated from previously awarded grants. HOME grantees with an approved program income plan are allowed to retain any program income generated and use the funds for HOME-eligible activities:

- If program income is earned by a grantee before closeout of a project, it must be added to funds committed to the project and used to support eligible activities before the grantee can request an additional drawdown of funds.
- If a grantee previously received a HOME award for a project that has not been closed out and they receive an additional HOME award at a later date, the program income from the earlier project must be expended on eligible activities under the new project before the grantee can request funds from its new grant allocation.

- If a grantee receives any program income after project completion and grant closeout, these funds must be reported on a quarterly basis to the HOME program and may be used for additional HOME eligible activities, according to the terms of the grant closeout agreement and approved program income plan.

HOME

FFY 2006

	Minimum Amount	Maximum Amount
Competitive		$ 1,987,454 *
Formula		$ 30,434 *
Retained for State Project		
Non-Competitive		$ 1,987,454
State Admin of Program		$ 434,086

* Includes $82,255 of ADDI06 funds.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the Montana Department of Public Health and Human Services (MDPHHS) anticipates that $393,710 will be available through the ESG program.

ESG

FFY 2006

	Minimum Amount	Maximum Amount
Competitive		
Formula		$ 374,051
Retained for State Project		
Non-Competitive		
State Admin of Program		$ 19,687

Continuum of Care (CoC) Competitive Grants

Continuum of Care competitive grants provide permanent and transitional housing to homeless persons. In addition, CoC grants fund services including job training, health care, mental health counseling, substance abuse treatment and child care. For FFY 2005, Montana requested and received $1,980,139 for 17 projects across the state (see following table).

MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANT REQUESTS FEDERAL FISCAL YEAR 2005			
Applicant/Project Sponsor	**Project Name**	**Program**	**Grant Amount**
MT Dept of Commerce, Housing Div.	Montana State Shelter Plus Care	SPC	$ 463,080
Missoula County/YWCA of Missoula	Ada's Place Transitional Housing	SHPR	$ 101,001
God's Love, Inc.	Family Transitional Housing Project	SHPR	$ 150,470
Mountain Home Montana	Hamilton Project	SHPR	$ 76,798
Missoula County/Salvation Army	Gateway Center	SHPR	$ 61,579
Samaritan House, Inc.	Case Management Project	SHPR	$ 63,000
Human Resources Council District XII	Homeward Bound	SHPR	$ 90,959
Poverello Center, Inc.	Joseph Residence	SHPR	$ 37,467
Sanders County Coalition for Families	The LaVonne Kennedy Transitional Housing Program	SHPR	$ 56,964
Supporters of Abuse Free Environment (S.A.F.E.), Inc.	Transitional Housing	SHPR	$ 35,700
Northwest Montana Human Resources, Inc.	Courtyard Apartments	SHPR	$ 35,769
District 7 Human Resources Development Council	Community Partnership for the Homeless	SHPR	$ 63,000
District IV Human Resources Development Council	McLaughlin Transitional Housing Project	SHPR	$ 16,800
MT Dept of Public Health and Human Services	Homeless Management Information System (HMIS)	SHPR	$ 67,036
Public Housing Authority of Butte	Shelter Plus Care	SPCR	$ 81,108
Helena Housing Authority	Helena Housing Authority SPC	SPCR	$ 148,848
Missoula Housing Authority	MHA SPC Vouchers Renewal	SPCR	$ 430,560
	Total		**$1,980,139**
SPC – Shelter Plus Care; SPCR - Shelter Plus Care Renewal; SHPR – Supportive Housing Program Renewal; SHP – Supportive Housing Program			

Housing Opportunities for Persons With AIDS (HOPWA)

In July 2005, the MDPHHS was awarded a HOPWA renewal grant of $1,450,800 to continue operating the Tri-state Housing Environments for Living Positively (TS HELP) program. This program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families serving these three states, which do not qualify for direct HOPWA formula grant funding. TS HELP is a partnership between MDPHHS, and four private agencies in North Dakota, South Dakota, and Montana: the Sioux Falls Housing and Redevelopment Commission in South Dakota, Region VII Community Action Program in North Dakota, and Missoula AIDS Council and Yellowstone AIDS Project in Montana.

Low Income Housing Tax Credit (LIHTC) Program

The Low Income Housing Tax Credit program, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation, and construction of low-income rental housing. The Montana Board of Housing (MBOH)

administers the LIHTC program[9] in Montana. The MBOH receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated to be at least $2,125,000. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the eligible basis costs of the rental units provided to low-income individuals and families.

OTHER RESOURCES AND PLANS

Numerous state and federal programs support the implementation of the state's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects.

The following summaries describe programs that either are in place or will be implemented in the near future. These plans support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness. [10]

Elderly Homeowner/Renter Credit[11]

An individual who has reached age 62 or older, has resided in Montana for at least 9 months of the tax period, has occupied one or more dwellings in Montana as an owner, renter, or lessee for at least six months of the claim period, and has less than $45,000 of gross household income may qualify for the elderly homeowner/renter credit. If the amount of the credit exceeds the taxpayer's liability, the amount of the excess is refunded to the individual. The credit, which cannot exceed $1,000, may be claimed even though the individual has no income tax filing responsibility. (15-30-171 through 15-30-179 MCA)

Property Tax Exemption

The 1999 Legislature enacted a bill exempting low-income rental housing property from taxation if low income tax credits were allocated to the owner under federal law. Only the portion of the residential property dedicated to providing affordable housing for lower-income persons would be exempt. The property must meet additional restrictions by providing housing to an underserved population and providing a minimum of 50 percent of the units in the property to tenants at 50 percent of the median family income for the area, with rents restricted to a maximum of 30 percent of 50 percent of median family income. (15-6-221 MCA)[12]

---

[9] The Consolidated Plan does not cover MBOH programs; the programs are included for informational purposes.

[10] Included for informational purposes.

[11] Montana Department of Revenue website: **www.discoveringmontana.com/revenue/forindividuals/individualincome/incentivesiit.asp**

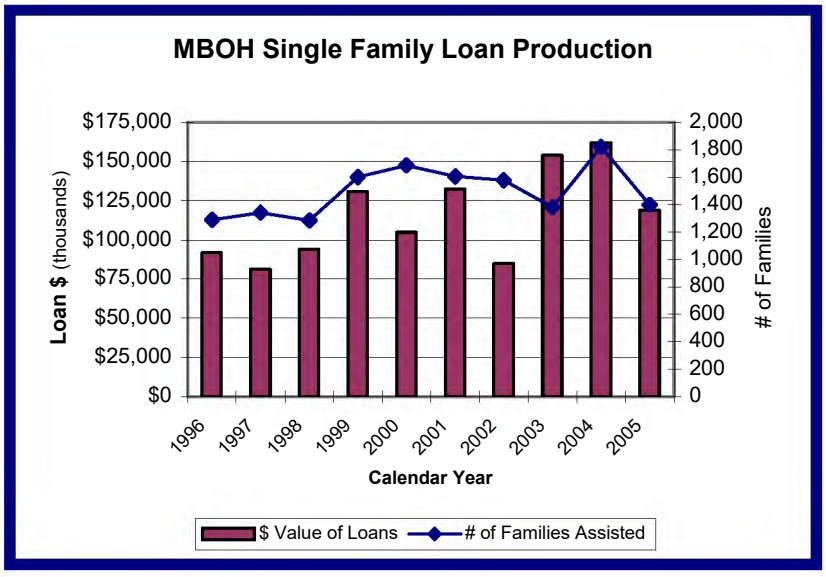
[12] Web page: **http://data.opi.mt.gov/bills/mca/15/6/15-6-221.htm**

Montana Board of Housing Programs[13]

The Montana Board of Housing was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: homeownership, multi-family projects, and assistance to the senior population. MBOH programs are often used in combination with HOME and CDBG funds, where the MBOH provides the permanent financing or equity financing.

Homeownership Programs

Single Family Mortgage Program: The MBOH works with about 280 lenders statewide to provide mortgages below conventional rates to assist primarily first-time homebuyers. MBOH anticipates assisting approximately 1,100 low- to moderate-income homebuyers with $120 million in low interest rate loans each year.



Set-aside Single Family Mortgage Program: The MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Bond Program. The MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. The MBOH provides the permanent, below market rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

[13] The Consolidated Plan does not cover MBOH programs; the programs are included for informational purposes.

Mortgage Credit Certificate (MCC) Program: The MCC program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20 percent of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80 percent) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide, including loans made in Indian Country except a loan made through the MBOH bond program. Since the inception of the program, $1,160,603 in credit authority assisted 50 eligible homebuyers.

Single Family Recycled Mortgage Program: Through the use of recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single family programs. The board makes approximately $20 million available for financing very low-income families per year. Since 1986, 4,136 families have achieved homeownership with approximately $210 million of recycled funds.

Disabled Accessible Affordable Homeownership Program: The MBOH has set-aside $10.8 million to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. Through December 31, 2005, the MBOH financed 154 homes with more than $9.9 million in recycled mortgage funds. The average annual income of the households assisted is $16,645 with an average loan amount of $64,504.

MyMontanaMortgage (MMM): This program expands the range of borrowers that MBOH can serve by combining the MBOH lower set-aside mortgage interest rate with expanded underwriting available through Fannie Mae. The qualifications are similar to the Single Family Mortgage program, and is targeted to four special groups, including: Native Americans; housing subsidy clients working with an authorized Section 8 homeownership program; households which have one or more household members with an ADA-defined disability (not limited to access-disabilities as in the Disabled Accessible Affordable Homeownership Program); and borrowers who work full-time in essential services that include employees in public or private schools (from kindergarten through college level, custodial and administrative staff as well as teachers), police and fire fighters, and certified, accredited or licensed health care workers (such as nurses, pharmacists, technicians).

Teachers' Program: This pilot program in Ravalli County with Farmers' State Bank links lower interest first mortgages using recycled bond funds with special down payment assistance second mortgages to help provide homeownership for first-time homebuyers who are teachers in Ravalli County schools. Borrowers who meet MBOH eligibility criteria and have incomes at or below 80 percent of median qualify for a first mortgage based on their income. The second mortgage fills the gap between the first mortgage and the cost of an eligible home. No payments are made on the second mortgage until the house is sold or refinanced, at which time the borrower pays off the second mortgage and a portion of the gain in equity in the home. This program is designed to help bridge the gap between incomes for teachers, and the high cost of housing in Ravalli County. Other areas of the state may have similar programs in the future.

Montana House™ Program: MBOH is working in partnership with the Anaconda Job Corps to construct one-story, 2-bedroom, 1-bath homes with 960 square feet. Homes are completely assembled at the Job Corps, then moved and installed on a permanent foundation. These homes are available for purchase by individuals or families who meet the Single Family Mortgage Program criteria, but whose incomes do not exceed 80 percent of area median income for the county in which the house will be located. These homes are sold at cost, producing an affordable home. The additional costs of moving the house, purchasing the lot, constructing the foundation, floor coverings, appliances, and installing all utility hookups to the home are not included in the purchase price.

Multi-Family Programs

MBOH issues tax exempt bonds to finance the construction of new, and rehabilitation of existing, low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing program and its General Obligation Bond program.

Risk Sharing Program: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, the MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

General Obligation (GO) Bond Program: The General Obligation (GO) Bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60 percent of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Beginning in 1999, the MBOH issued Multi-Family Mortgage Bonds to preserve projects that were in jeopardy of being lost as affordable housing due to expiring HUD Preservation program contracts. In conjunction with other housing programs, the MBOH will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of $15,000 to $100,000 are available at a 5 percent interest rate, based on 80 percent of the FHA determined property value. The loans do not require repayment as long as the homeowner remains in the home.

Affordable Housing Revolving Loan Fund

The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Montana Legislature appropriated $500,000 in Section 8 reserves and $700,000 of Temporary Assistance to Needy Families (TANF) funds for the loan fund. A third source of funding is direct donations. The MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- Bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- Acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund; however, the loans have a 30-year term.

Montana Department of Commerce, Housing Assistance Bureau Programs

In addition to administering the HOME program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual Contributions Contract to provide program administration and services on Section 8[14] low-income housing programs on a statewide basis.

Project Based Section 8

Administered by the MDOC Housing Assistance Bureau, the Montana Project Based Section 8 (PBS8) program performs as a HUD contractor for management and oversight activities for 100 contracts involving 4,269 affordable rental units. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

[14] This Consolidated Plan excludes the Section 8 programs; the programs are included for informational purposes.

Tenant Based Section 8

Financed by HUD and administered by the MDOC Housing Division, Tenant Based Section 8 (TBS8) Housing Assistance Programs allow very low-income families to pay a set amount toward rent and utilities, based on their gross adjusted income (currently 30%). Very low-income families have incomes of 50% or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 35 local field agents in eleven locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is roughly 18 months with approximately 8,000 applicants. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,716 units, and an annual budget of $15 million. However, due to the proposed funding level for calendar year 2005, the MDOC will only be able to issue approximately 3,600 vouchers.

The Moderate Rehabilitation (Mod Rehab) program, with a budget of approximately $2 million annually, is a project-based program containing 408 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to insure continued compliance with HQS. Owners of substandard property in Montana rehabilitate the property to meet HUD housing quality standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans.

Montana Department of Commerce, Treasure State Endowment Program[15]

The Treasure State Endowment Program (TSEP) is a state-funded grant program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. Eligible applicants for the TSEP program include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. The program provides grants for construction projects, preliminary engineering studies, and emergency situations.

Construction grants typically require a dollar-for-dollar match, however, the match can include other grants. Applicants are limited to requesting a maximum of $750,000 for a construction project. TSEP applications for funding construction projects are accepted in the spring preceding a legislative year. The applications are reviewed and ranked by the MDOC based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household

[15] The Consolidated Plan does not cover TSEP; the program is included for informational purposes.

income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. The following table summarizes the type of projects that have been awarded construction grants.

TSEP CONSTRUCTION GRANTS APPROVED FOR FUNDING					
Legislature	**Water**	**Wastewater / Storm Sewer**	**Combined Water / Wastewater**	**Solid Waste**	**Bridges**
1993	10	5		2	2
1995	8	5			2
1997	10	11			1
1999	10	16			2
2001	12	16			3
2003	16	10	2	1	11
2005	11	15	1		13
Total Approved	**83**	**78**	**3**	**3**	**34**
The total amount of TSEP dollars granted to complete the approved projects is over $76 million. The total cost to construct all the approved projects is over $340 million.					

The Legislature also appropriates funds for the MDOC to award grants for preliminary engineering studies. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report that is required in order to apply for funds needed to complete a construction project. Grants for preliminary engineering are limited to $15,000 and require a dollar-for-dollar match, but the match cannot include other state grants. The program awarded approximately $600,000 in grants to 43 communities and counties for preliminary engineering studies in 2005.

The Legislature also appropriates funds for the MDOC to award grants to remedy emergency situations. Grants for emergency projects are limited to $30,000 and the applicant is expected to expend its own financial resources first. The program has awarded a total of $107,460 for nine projects since the funds were first available in state fiscal year (SFY) 2002.

Montana Department of Natural Resources and Conservation, Renewable Resources Grant and Loan Program[16]

The Renewable Resources Grant and Loan (RRGL) program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation administers the program.

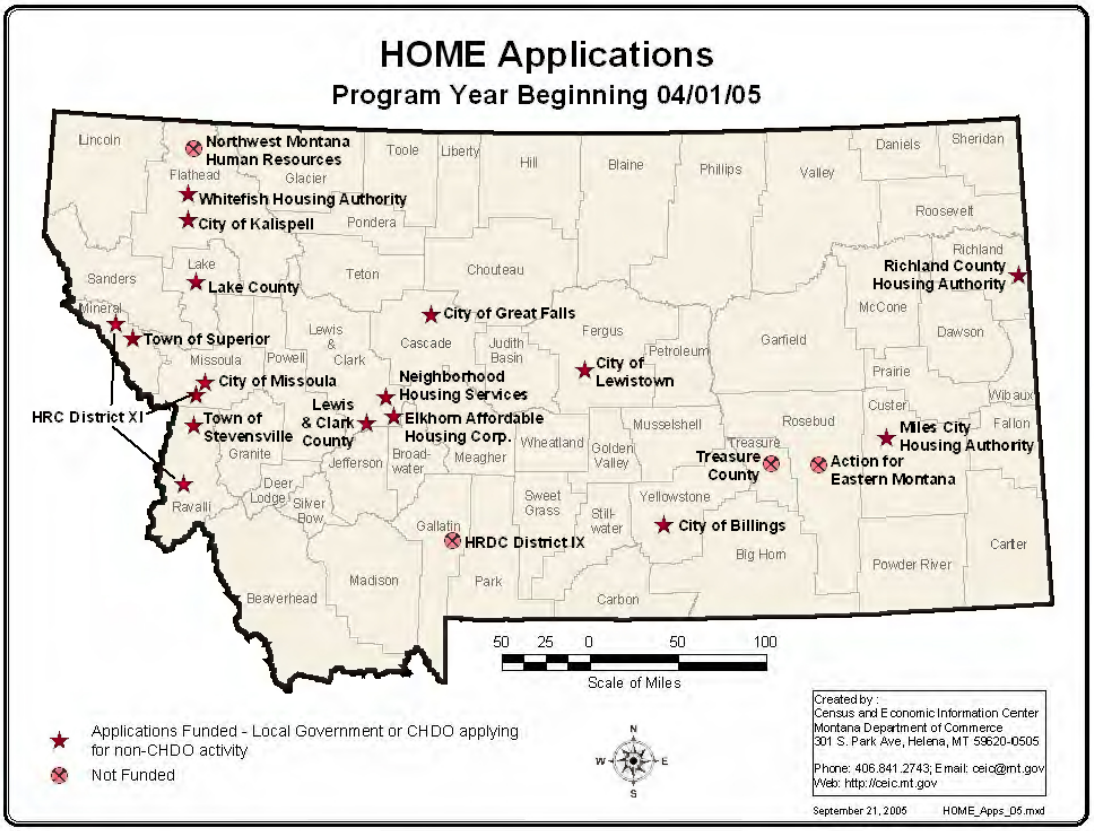
[16] The Consolidated Plan does not cover MDNRC programs; the programs are included for informational purposes.

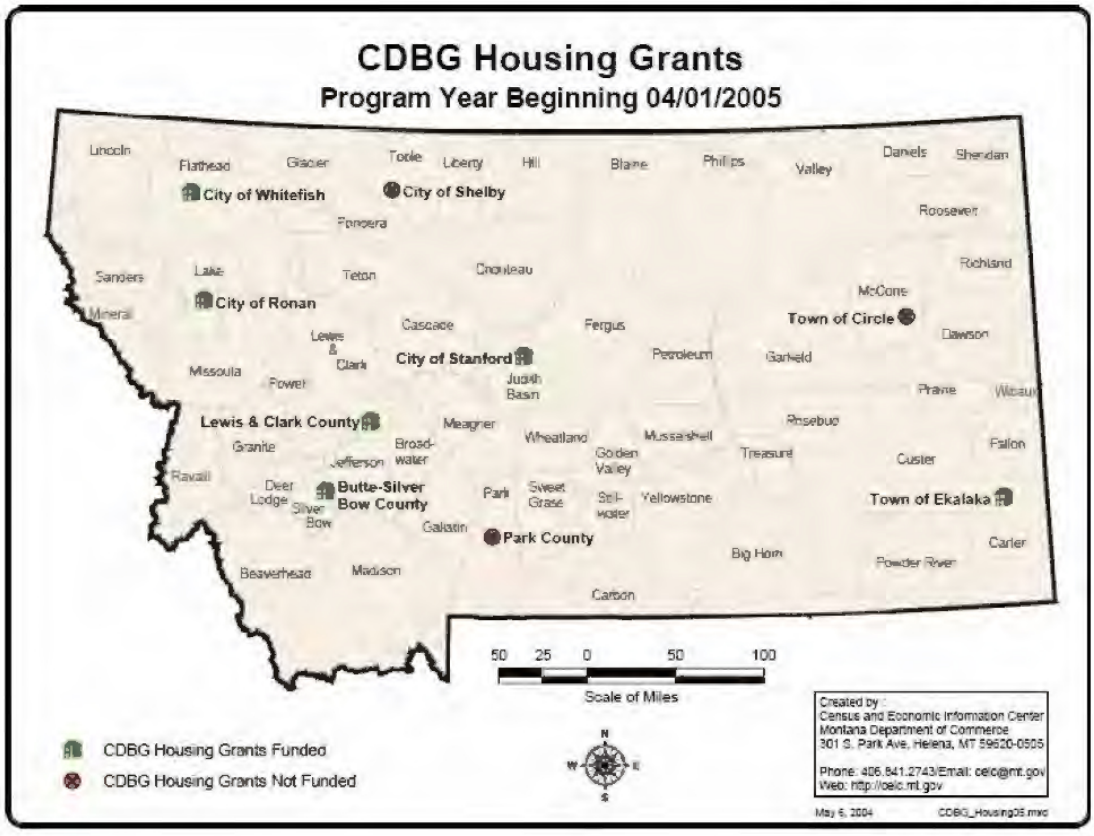
Grant funding is limited to $100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The RRGL program has $4.0 million available for grant funding each biennium. The next round of applications will be due in May 2006. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to $10,000 are available, and must be matched on an equal basis by the project sponsor. Emergency grants of up to $30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment.

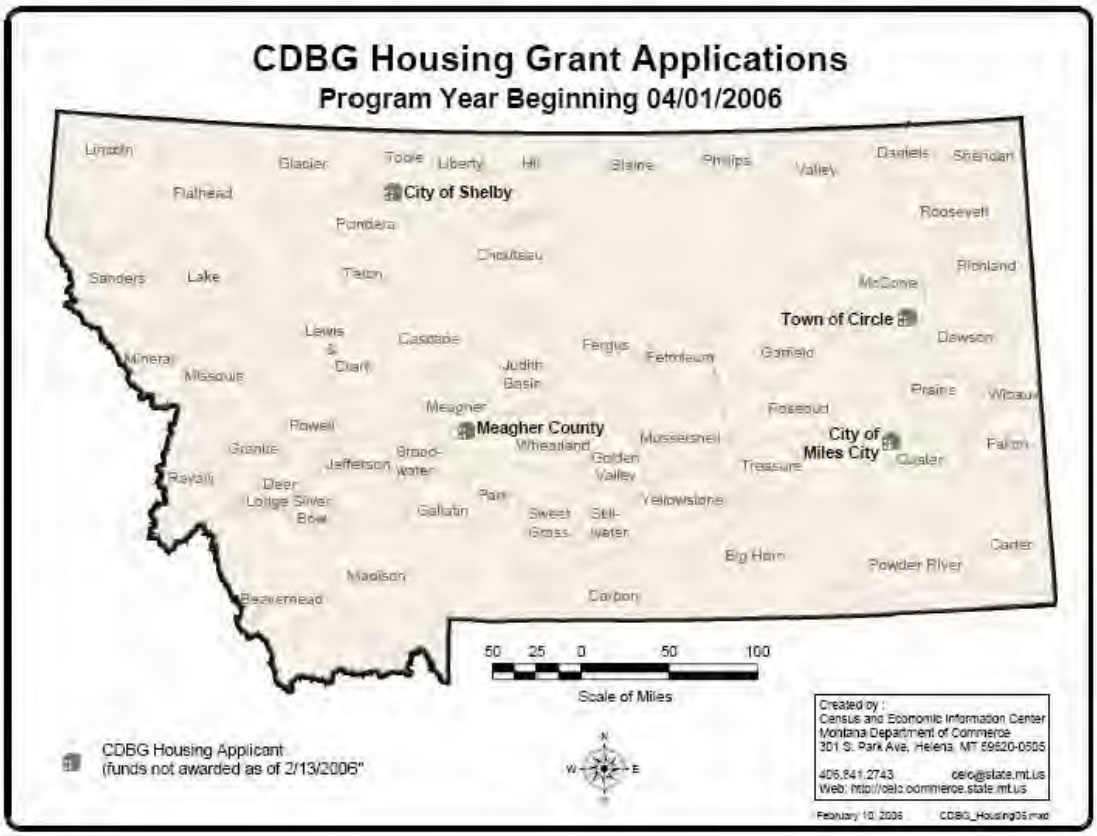
GEOGRAPHIC DISTRIBUTION OF FUNDS

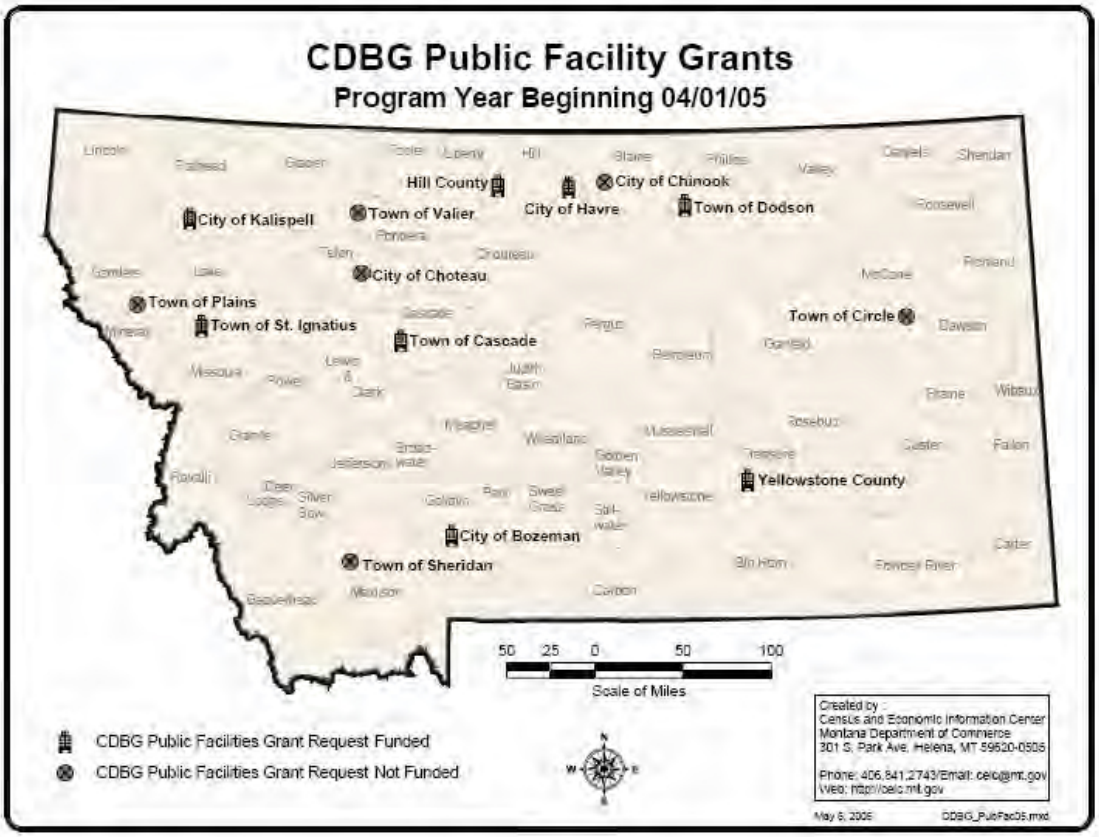
Housing and community development needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, MDOC programs are primarily implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous grant awards substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the state, allowing all groups an equal chance to apply for funds and providing an incentive for grant recipients to complete projects on a timely basis. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, over time, tend to widely distribute grant assistance throughout the state. In order to view the geographic dispersion of last year's funding activities for CDBG and HOME, several geographic maps have been prepared.

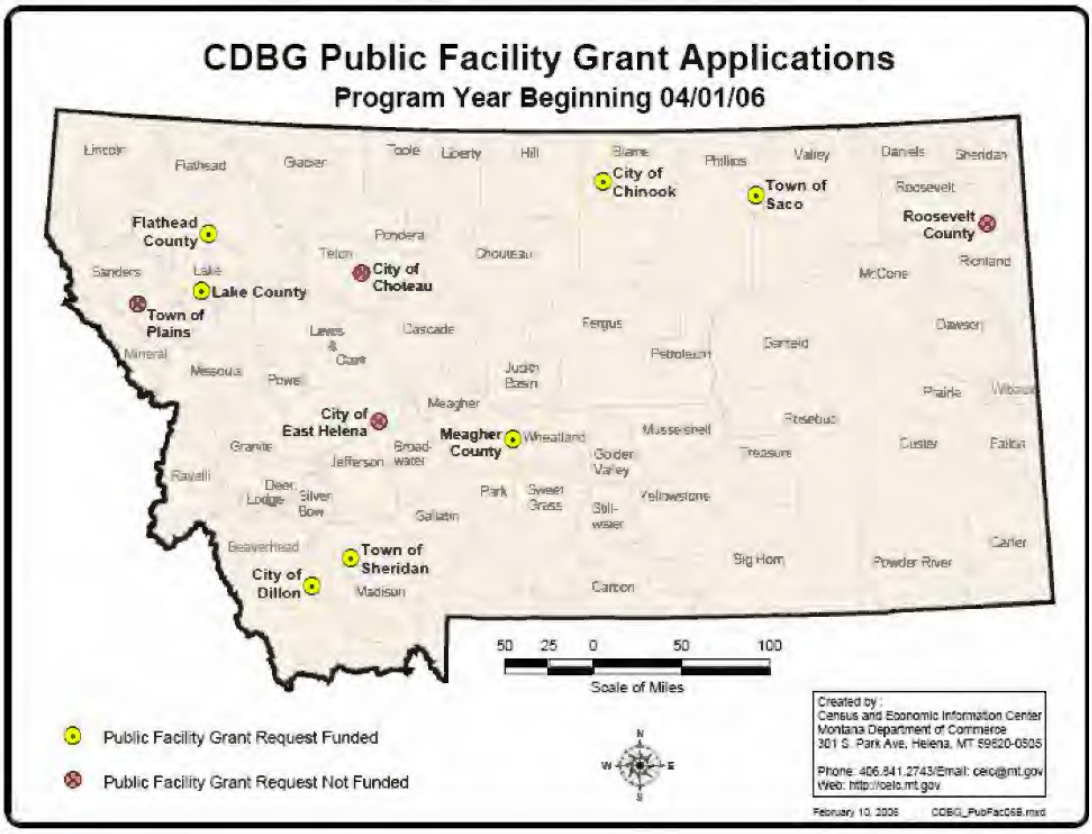
MAPS

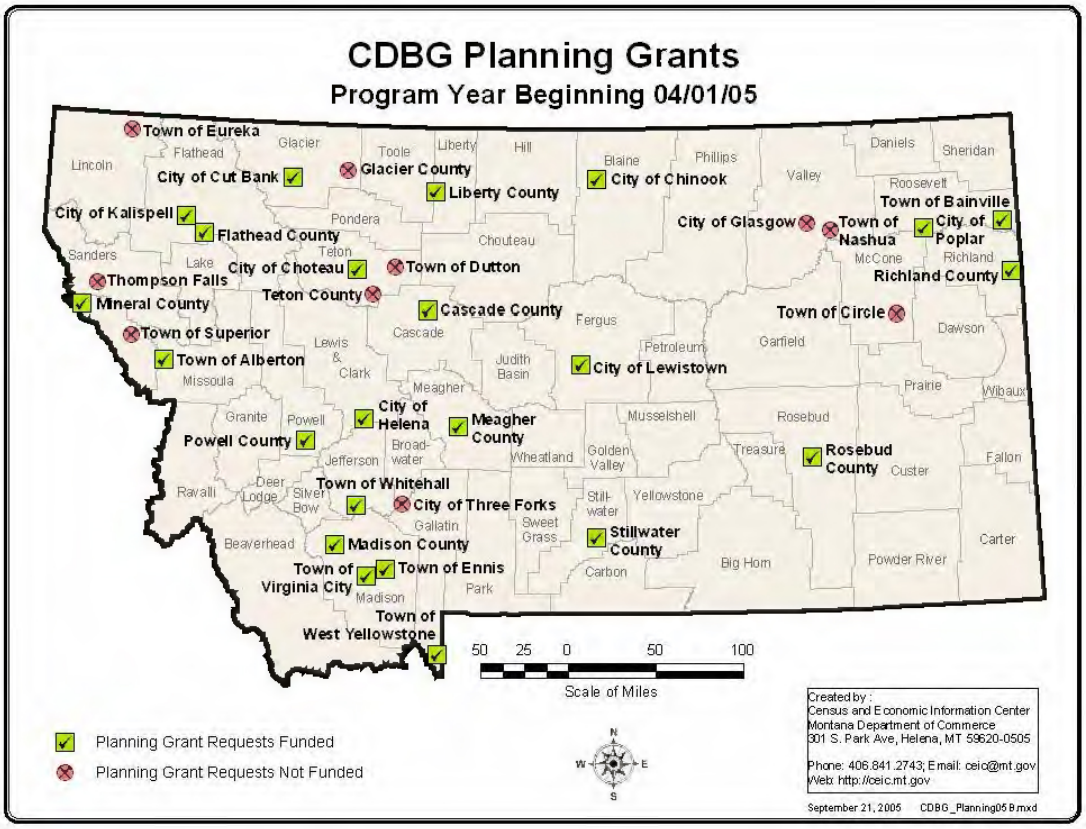

HOME Applications
Program Year Beginning 04/01/05
Northwest Montana Human Resources
Whitefish Housing Authority
City of Kalispell
Lake County
Town of Superior
City of Missoula
HRC District XI
Town of Stevensville
Lewis & Clark County
Neighborhood Housing Services
Elkhorn Affordable Housing Corp.
City of Great Falls
City of Lewistown
Richland County Housing Authority
Miles City Housing Authority
Action for Eastern Montana
Treasure County
City of Billings
HRDC District IX
Ravalli
Lincoln
Flathead
Glacier
Toole
Liberty
Hill
Blaine
Phillips
Valley
Daniels
Sheridan
Roosevelt
Richland
McCone
Dawson
Garfield
Prairie
Wibaux
Custer
Fallon
Carter
Powder River
Big Horn
Rosebud
Musselshell
Yellowstone
Sweet Grass
Stillwater
Golden Valley
Wheatland
Meagher
Broadwater
Jefferson
Granite
Deer Lodge
Silver Bow
Gallatin
Madison
Park
Carbon
Beaverhead
Pondera
Teton
Chouteau
Fergus
Petroleum
Judith Basin
Cascade
Lewis & Clark
Powell
Missoula
Sanders
Lake
Mineral
50 25 0 50 100
Scale of Miles
Applications Funded - Local Government or CHDO applying for non-CHDO activity
Not Funded
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743; Email: ceic@mt.gov
Web: http://ceic.mt.gov
September 21, 2005
HOME_Apps_05.mxd

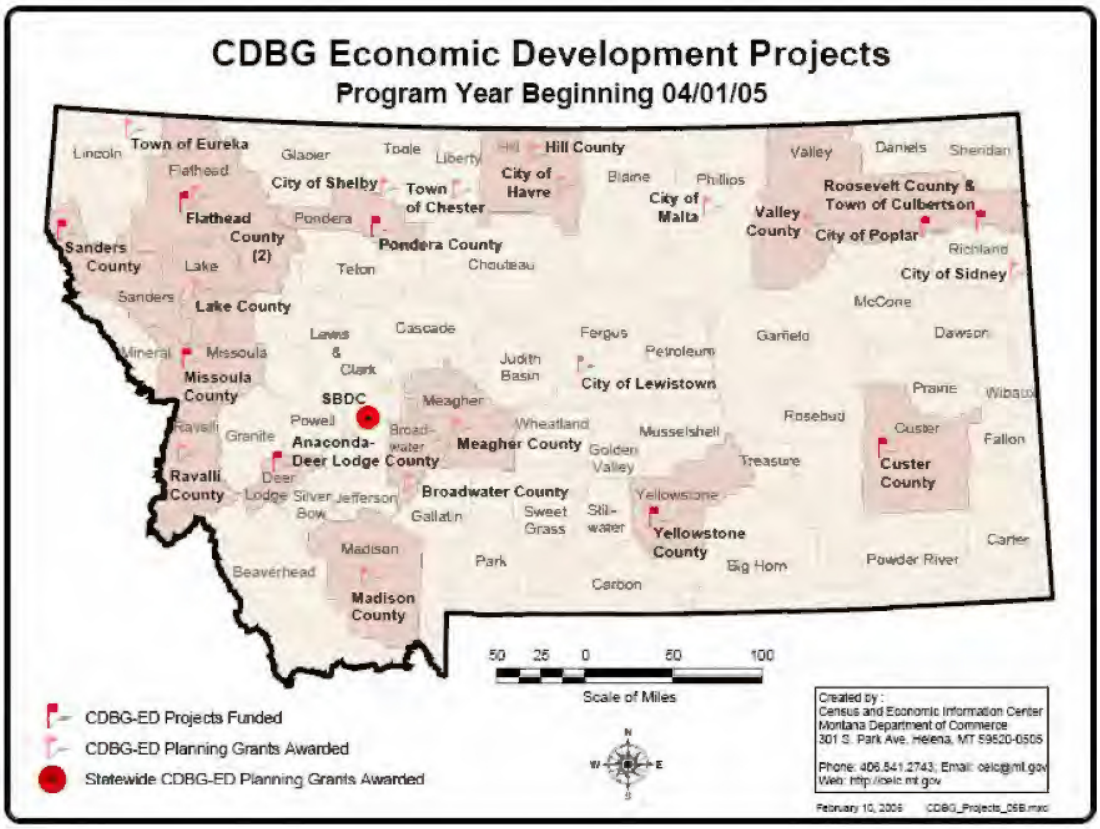

CDBG Housing Grants
Program Year Beginning 04/01/2005
City of Whitefish
City of Shelby
City of Ronan
City of Stanford
Lewis & Clark County
Butte-Silver Bow County
Park County
Town of Circle
Town of Ekalaka
Lincoln
Flathead
Glacier
Toole
Liberty
Hill
Blaine
Phillips
Valley
Daniels
Sheridan
Roosevelt
Richland
McCone
Dawson
Garfield
Prairie
Wibaux
Custer
Fallon
Carter
Powder River
Big Horn
Rosebud
Musselshell
Yellowstone
Sweet Grass
Stillwater
Golden Valley
Wheatland
Meagher
Broadwater
Jefferson
Granite
Deer Lodge
Silver Bow
Gallatin
Madison
Park
Carbon
Beaverhead
Pondera
Teton
Chouteau
Fergus
Petroleum
Judith Basin
Cascade
Lewis & Clark
Powell
Missoula
Sanders
Lake
Mineral
Ravalli
Treasure
50 25 0 50 100
Scale of Miles
CDBG Housing Grants Funded
CDBG Housing Grants Not Funded
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743/Email: ceic@mt.gov
Web: http://ceic.mt.gov
May 6, 2004
CDBG_Housing05.mxd

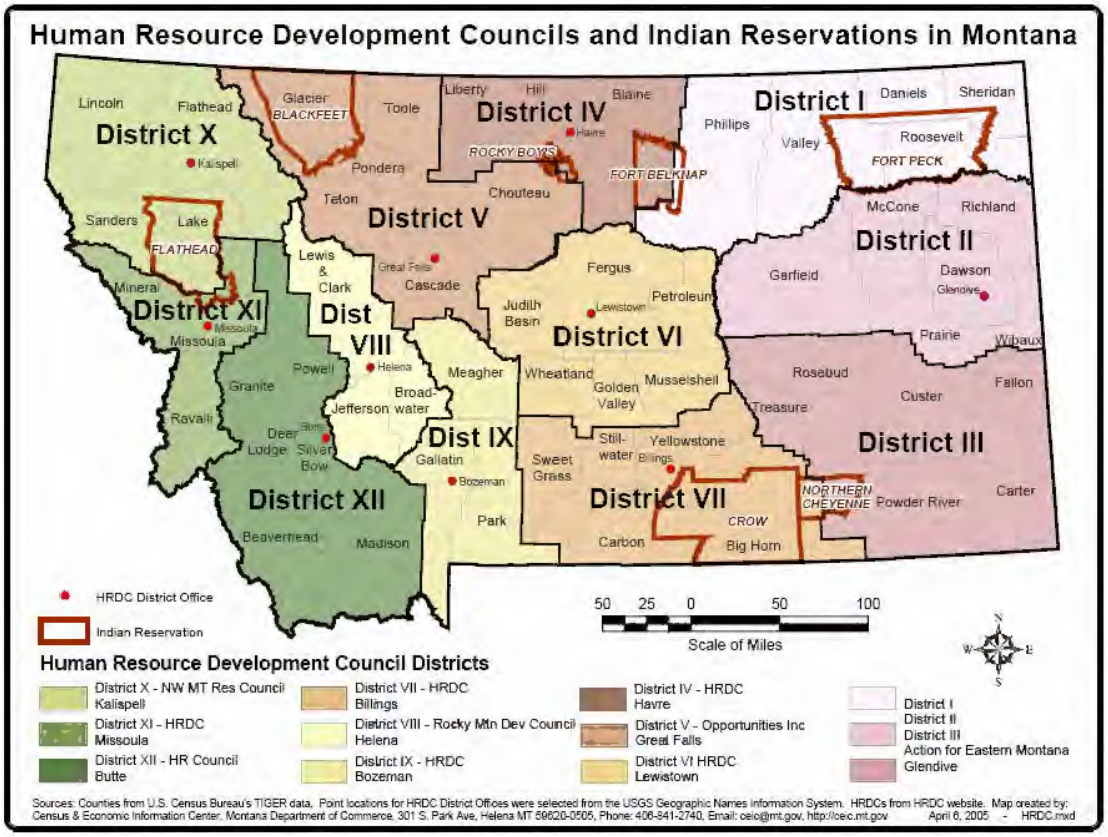

CDBG Housing Grant Applications
Program Year Beginning 04/01/2006
City of Shelby
Town of Circle
Meagher County
City of Miles City
50 25 0 50 100
Scale of Miles
CDBG Housing Applicant
(funds not awarded as of 2/13/2006"
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
406.841.2743 ceic@state.mt.us
Web: http://ceic.commerce.state.mt.us


CDBG Public Facility Grants
Program Year Beginning 04/01/05
Hill County
City of Chinook
City of Kalispell
Town of Valier
City of Havre
Town of Dodson
City of Choteau
Town of Plains
Town of St. Ignatius
Town of Cascade
Town of Circle
Yellowstone County
City of Bozeman
Town of Sheridan
50 25 0 50 100
Scale of Miles
CDBG Public Facilities Grant Request Funded
CDBG Public Facilities Grant Request Not Funded
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743/Email: ceic@mt.gov
Web: http://ceic.mt.gov


CDBG Public Facility Grant Applications
Program Year Beginning 04/01/06
Flathead County
Lake County
Town of Plains
City of Choteau
City of Chinook
Town of Saco
Roosevelt County
City of East Helena
Meagher County
Wheatland
Town of Sheridan
City of Dillon
50 25 0 50 100
Scale of Miles
Public Facility Grant Request Funded
Public Facility Grant Request Not Funded
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743/Email: ceic@mt.gov
Web: http://ceic.mt.gov
February 10, 2006
CDBG_PubFac06B.mxd


CDBG Planning Grants
Program Year Beginning 04/01/05
Town of Eureka
City of Cut Bank
Glacier County
Liberty County
City of Chinook
City of Kalispell
Flathead County
City of Choteau
Town of Dutton
Thompson Falls
Teton County
Mineral County
Cascade County
Town of Superior
Town of Alberton
City of Helena
Meagher County
Powell County
Town of Whitehall
City of Three Forks
Madison County
Town of Virginia City
Town of Ennis
Town of West Yellowstone
City of Glasgow
Town of Nashua
City of Poplar
Richland County
Town of Circle
City of Lewistown
Rosebud County
Stillwater County
50 25 0 50 100
Scale of Miles
Planning Grant Requests Funded
Planning Grant Requests Not Funded
Created by :
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505
Phone: 406.841.2743; Email: ceic@mt.gov
Web: http://ceic.mt.gov
September 21, 2005
CDBG_Planning06B.mxd


CDBG Economic Development Projects
Program Year Beginning 04/01/05
Town of Eureka
Lincoln
Flathead
Glacier
Toole
Liberty
Hill
Hill County
City of Shelby
Town of Chester
City of Havre
Blaine
Phillips
Valley
Daniels
Sheridan
City of Malta
Roosevelt County & Town of Culbertson
Valley County
City of Poplar
Richland
Flathead County (2)
Pondera
Pondera County
Sanders County
Lake
Teton
Chouteau
City of Sidney
Sanders
Lake County
McCone
Cascade
Fergus
Garfield
Dawson
Lewis & Clark
Judith Basin
Petroleum
Mineral
Missoula
Missoula County
City of Lewistown
SBDC
Meagher
Prairie
Wibaux
Powell
Rosebud
Ravalli
Granite
Anaconda-Deer Lodge County
Broad-water
Meagher County
Wheatland
Musselshell
Custer
Fallon
Golden Valley
Treasure
Custer County
Ravalli County
Deer Lodge
Silver Bow
Jefferson
Broadwater County
Gallatin
Sweet Grass
Still-water
Yellowstone
Yellowstone County
Carter
Madison
Park
Big Horn
Powder River
Beaverhead
Carbon
Madison County
50 25 0 50 100
Scale of Miles
CDBG-ED Projects Funded
CDBG-ED Planning Grants Awarded
Statewide CDBG-ED Planning Grants Awarded
Created by:
Census and Economic Information Center
Montana Department of Commerce
301 S. Park Ave. Helena, MT 59620-0505
Phone: 406.841.2743; Email: ceic@mt.gov
Web: http://ceic.mt.gov
February 10, 2006
CDBG_Projects_05B.mxd


Human Resource Development Councils and Indian Reservations in Montana
Lincoln
Flathead
Glacier
BLACKFEET
Toole
Liberty
Hill
Blaine
District IV
Haire
ROCKY BOYS
FORT BELKNAP
District X
Kalispell
Pondera
Teton
Chouteau
District V
Sanders
Lake
FLATHEAD
Lewis & Clark
Great Falls
Cascade
Fergus
Judith Basin
Lewistown
Petroleum
Mineral
District XI
Missoula
Dist VIII
Helena
Meagher
Wheatland
Golden Valley
Musselshell
Powell
Granite
Broad-water
Jefferson
Ravalli
Deer Lodge
Silver Bow
Butte
Dist IX
Gallatin
Bozeman
Still-water
Yellowstone
Billings
Sweet Grass
District XII
Beaverhead
Madison
Park
District VII
CROW
Carbon
Big Horn
NORTHERN CHEYENNE
Powder River
Carter
District I
Daniels
Sheridan
Phillips
Valley
Roosevelt
FORT PECK
McCone
Richland
District II
Garfield
Dawson
Glendive
Prairie
Wibaux
District VI
Rosebud
Fallon
Custer
Treasure
District III
HRDC District Office
Indian Reservation
50 25 0 50 100
Scale of Miles
Human Resource Development Council Districts
District X - NW MT Res Council Kalispell
District XI - HRDC Missoula
District XII - HR Council Butte
District VII - HRDC Billings
District VIII - Rocky Mtn Dev Council Helena
District IX - HRDC Bozeman
District IV - HRDC Havre
District V - Opportunities Inc Great Falls
District VI HRDC Lewistown
District I
District II
District III
Action for Eastern Montana Glendive
Sources: Counties from U.S. Census Bureau's TIGER data. Point locations for HRDC District Offices were selected from the USGS Geographic Names Information System. HRDCs from HRDC website. Map created by: Census & Economic Information Center, Montana Department of Commerce, 301 S. Park Ave, Helena MT 59620-0505, Phone: 406-841-2740, Email: ceic@mt.gov, http://ceic.mt.gov
April 6, 2005 - HRDC.mxd

ACTIVITIES

DELIVERY OF PROGRAM SERVICES AND METHOD OF FUNDS DISTRIBUTION

Community Development Block Grant

For several years, HUD has been placing increasing pressure on all of the states and cities administering the CDBG program to expedite the expenditure of their CDBG funds. Because, on the national level, Congress believes that local governments have been slow in completing their CDBG projects, HUD finds it very difficult to persuade Congress to maintain constant levels of funding for the program while billions of CDBG funds remain "in the pipeline" unspent. It has also been difficult for Congress to understand the lag that occurs between its approval of an annual appropriation for CDBG nationally and the actual expenditure of those funds by a local CDBG project. HUD staff believes that there is a very real possibility that CDBG funds could be cut significantly because of Congress' concerns.

MDOC typically receives notification of the amount of Montana's CDBG allocation for each federal fiscal year in April, six months or more into that federal fiscal year. Until recently, applications for CDBG public facilities grants were due in May and the grant awards for that year's funds were announced in August or September. This resulted in at least a five-month delay between when MDOC received its fiscal year allocation and when public facility funds were awarded. Applications for CDBG housing grants were due in the fall and the grant awards were usually announced in mid-winter. The lag time between receipt of the state's CDBG allocation and housing grant awards was seven to eight months or longer.

Overall, Montana has had a good record of accomplishment in the expenditure of CDBG funds, ranking in the top quarter of states in its rate of spending. However, in response to Congress' concerns, the MDOC changed the funding cycle beginning with the FFY 2003 and 2004 CDBG programs. To accelerate the funding cycle, the MDOC conducted grant competitions for FFY 2002, 2003 and 2004 funding allocations during a 24-month period.

The objective of this one-time only event was to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and neighborhood renewal and public facility applications in the calendar year before the actual receipt of the CDBG allocation that will fund those projects. This allows MDOC to award grants to communities immediately upon notification of that year's CDBG allocation. Grants are awarded in order of the ranking scores assigned during the previous calendar year's grant competition, based on the amount of funds allocated to the housing and neighborhood renewal and public facilities project categories. This eliminates the lag time between the receipt of the state's CDBG allocation and the award of those funds, as described above.

General-purpose local governments, towns and cities under 50,000 in population and counties, are eligible applicants for CDBG funds. Funds distribution for the CDBG **Housing and Neighborhood Renewal** category and the **Public Facility** category is based on annual grant competitions. The maximum grant request in each category is $450,000. Existing grantees must significantly drawdown their current funds before they are eligible to apply for additional program funds. Each local government may apply for one housing and neighborhood renewal project and one public facility project each program year. Montana's three entitlement cities, Billings, Great Falls, and Missoula are not eligible to apply for state CDBG funding since they receive their own CDBG funds directly from HUD.

The CDBG program sets aside funds for **Planning Grants** related to housing and neighborhood renewal and public facilities. The planning grant category is also based on an annual competition. Eligible applicants are the same as for the housing and neighborhood renewal and public facility categories. Planning grants can be used for a variety of planning activities including the initial planning necessary to get a project under way; conducting other community planning activities such as preparing or updating a comprehensive plan or growth policy; or preparing a neighborhood redevelopment plan, a housing study, preliminary engineering or architectural report, capital improvement plan, or similar planning processes needed to help a community address critical needs. The maximum planning grant ceiling is $15,000 for the plan year.

The state does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

A public hearing on the administration of the CDBG program was held on Thursday, December 15, 2005, at 1:30 P.M. in the MDOC building at 301 S. Park Avenue in Helena. Written comments were accepted through 5:00 P.M., on December 22, 2005. The hearing covered the CDBG Application Guidelines for FFY 2006 funds for economic development and planning grant funds (within the housing and neighborhood renewal and public facilities categories) and for FFY 2007 funds for housing. After completing the administrative review process and accepting public comment, the CDBG program enacted the following changes:

- In the past, the CDBG program has funded projects for incorporated communities located within Montana's tribal reservations, such as Browning, Lodge Grass, and Poplar. The CDBG program has also assisted county water and sewer districts located on reservations, such as the Ashland Water and Sewer District where Rosebud County agreed to sponsor the project. The CDBG program will be modified so that CDBG funds can be awarded to counties that apply on behalf of tribal utility authorities and to assist tribal communities, providing all other federal and state

CDBG requirements are met. Allowing the state CDBG program to fund tribal utility authorities will provide additional funds to meet the needs of Montana's tribal communities.

- As a result of cuts in CDBG funds, the program will reduce the maximum ceiling on housing and public facility projects from $500,000 to $450,000 in an effort to continue to fund approximately as many projects as before.
- Counties will be allowed to submit applications for CDBG construction projects on behalf of rural special improvement districts, with the condition that the CDBG funds can only be released once a county water and sewer district has been created.
- Within the public facility category, the CDBG program will drop the requirement to prepare a capital improvements program (CIP); however, applicants will still be encouraged to complete a comprehensive CIP to encourage more effective, long-term planning for the construction, maintenance, and financing of local public facility projects.

During calendar year 2006, the CDBG program anticipates applications for funds will be accepted as follows:

- FFY **2006** Planning Grants-Housing & Neighborhood Renewal and Public Facilities ..... April 21, 2006
  Grant Announcement ..... June 2006
- FFY **2007** Public Facilities Grants ..... May 26, 2006
  Grant Announcement ..... October 2006
- FFY **2007** Housing & Neighborhood Renewal Grants ..... November 3, 2006
  Grant Announcement ..... February 2007

The FFY 2006 public facilities category application deadline was May 27, 2005. Grant awards for approximately $2.8 million available in CDBG funds were announced in January 2006.

CDBG Public Facility Grant Awards
Program Year Beginning 04/01/06 (FFY 2006)

Applicant (*in rank order*)	Project Type	Funding		Pop. Served	# of Households	LMI Benefit	# of Hook-ups
		CDBG	Total				
City of Dillon	Sewer Extension	$ 500,000	$ 682,332	136	70	86.0%	70
Town of Sheridan	Water System Improvements	$ 500,000	$ 1,561,400	659	385	60.4%	397
Flathead County	Water System Improvements	$ 120,500	$ 1,389,500	30	48	80.5%	48
Lake County	Wastewater Treatment Facility Expansion	$ 500,000	$ 3,180,564	1,262	352	82.4%	651
City of Chinook	Nursing Home Improvements	$ 394,337	$ 525,783	1,386	657	83.0%	N/A
Town of Saco	Water System Improvements	$ 375,000	$ 940,750	224	109	57.2%	161
Meagher County	Water System Improvements	$ 378,430	$ 944,110	160	66	71.0%	76

The housing and neighborhood renewal application deadline for FFY 2006 funds, with approximately $1.6 million available, was November 4, 2005. Grant announcements are expected in early 2006.

FFY 2006 Housing Grant Applications
Program Year Beginning 04/01/06 (FFY 2006)

Applicant	Project Type	Proposed Funding	
		CDBG	Total
Town Of Circle	Housing Rehabilitation & Demolition	$ 500,000	$ 506,000
Meagher County	Senior Citizens' Rental Housing	$ 500,000	$ 1,325,150
City Of Miles City	Old Holy Rosary Hospital Housing Project	$ 500,000	$ 3,309,959
City of Shelby	New Construction, Demolition, & Homebuyer's Assistance	$ 480,000	$ 1,325,150

The **Economic Development** component of the CDBG program receives one-third, or approximately $2.2 million, of the annual allocation to the state of Montana. It is anticipated that the CDBG-ED Guidelines will be available in February 2006 and the CDBG-ED Planning Grant Guidelines will be available in May 2006. Applications are received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are local governments, which usually contract with local development organization to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons.

The maximum funding amount is $400,000 per local government in a program year. Communities can continue to apply for funding throughout the program year until they have reached the maximum amount of $400,000 per local government. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. Each application is reviewed by MDOC staff and a loan review committee that makes recommendations to the MDOC Director. The director makes a final funding decision.

Project development and technical assistance are provided by the CDBG-ED Staff and the MDOC Regional Development Officers (RDOs). The RDOs, assigned specific territories within the state, work one-on-one with local officials, local development organizations, and CDBG-ED staff from the project idea stage through the CDBG-ED application process.

The Business Resources Division also sets aside approximately $225,000 in CDBG-ED funds for economic development planning, capacity building, and technical assistance grants. For plan year 2006, the BRD intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2006. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular CDBG-ED program.

HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

The CDBG-ED program also administers the EDA/CDBG Revolving Loan fund, a state-administered EDA revolving loan fund, matched with CDBG funds, and administered under CDBG guidelines. The program also provides assistance to Montana's emerging revolving loan fund industry.

The CDBG-ED program is a major player in economic development financing in Montana. Economic development projects have leveraged private lender funds and federal funds, including those from the U.S. Small Business Administration SBA 7a and 504 programs, U.S. Department of Commerce Economic Development Administration (EDA), and USDA Rural Development programs. Economic development projects have also leveraged funds available from state programs such as the Montana Board of Investments and the Montana Department of Agriculture's "Growth through Agriculture" program. For matching funds, the CDBG-ED program requires one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. For program years April 2001 through March 2005, nearly $11.7 million of CDBG-ED funds were awarded to 63 different local governments projects, leveraging more than $157 million of private, state, and federal funds.

Specific guidelines that relate to the individual CDBG programs may be obtained by contacting the MDOC or by viewing the programs' websites at the following addresses:

- CDBG Public Facilities and Housing & Neighborhood Renewal:

  http://comdev.mt.gov/

- CDBG Economic Development:

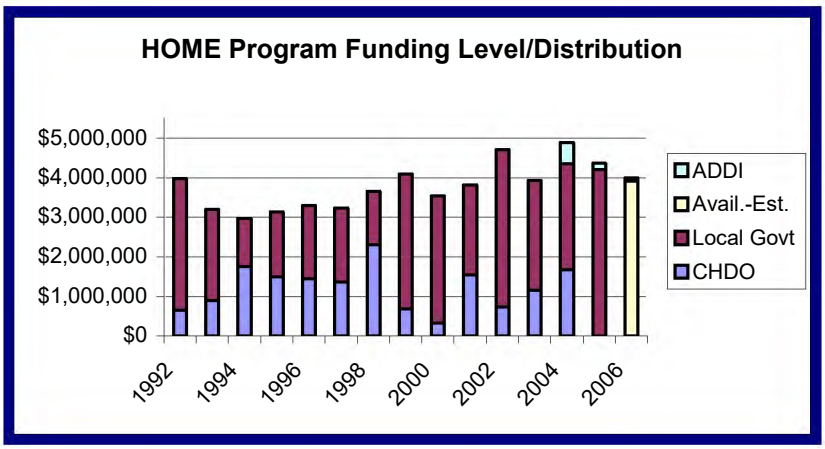
  http://businessresources.mt.gov/

HOME Investment Partnerships Program

The HOME program, through a process of application and competitive ranking, will commit project funds in the second quarter of 2006. This timing allows grantees to take advantage of the 2006 construction season and allows for better coordination with projects that involve Low Income Housing Tax Credits. In October and November 2005, joint application workshops for the program year beginning 2006 were held in Glendive, Helena, and Havre. In addition to the HOME program, the CDBG program, the Montana Board of Housing, and USDA Rural Development participated in the joint housing application workshops. Advance public notification of the dates and locations of all workshops was provided to potential applicants.

Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), Community Housing Development Organizations certified by the MDOC, and Montana public housing authorities. The maximum request for a HOME project is $500,000 (including soft costs) for homebuyer assistance, homeowner rehabilitation, rental rehabilitation, tenant based rental assistance (TBRA), and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. Grantees (including all entities of a joint application) currently administering a HOME grant are eligible to apply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC;
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant awarded to the applicant;



- Any open 2004 or 2005 grant has 75 percent of the project funds drawn down by March 3, 2006; and
- All grants over two years old (FFY 2003 and earlier) are completed and conditionally closed out before March 3, 2006.

HOME Program Single Family Allocation Pilot Program

At the urging of several grantees, the HOME Program is simplifying its allocation process, improving equitable distribution of HOME funds throughout the state and using this limited resource of funds in a more strategic manner. The change will impact only those grantees interested in conducting homebuyer assistance (HBA) and homeowner rehabilitation (HOR) programs. Applicants undertaking rental projects will continue to submit applications following the normal HOME application process, with applications due March 3, 2006. The proposed changes to the process were discussed during a public videoconference meeting prior to the three Consolidated Plan public review meetings and the joint housing application workshops. Interested parties were encouraged to participate in the videoconference, held on September 26, 2005 from 1:00 to 2:00 p.m., at one of 11 locations:

Billings	MSU-Billings - 214 N Broadway - 1st Floor Conference Center
Bozeman	MSU - EPS Building, S 7th and Grant - Burns Center Room 126
Butte	Montana Tech - 1300 W Park St - ELCB, Room 225
Dillon	UM-Western - 710 S Atlantic - STC 2nd Floor, Board Room 201 - Great Room 203, 204
Great Falls	GF College of Technology - 2100 16th Ave S, Room B-133
Havre	MSU-Northern - 300 11th St W - Hagener Science Center, Room 202
Helena	DPHHS - 111 Sanders St - Lower Level Auditorium
Kalispell	Flathead Valley CC - 777 Grandview Dr - Learning Resource Center, Room 120
Miles City	Miles Community College - 2715 Dickenson St, Room 106
Missoula	UM - Corner of Arthur and Eddy - Gallagher Building, Room 104
Sidney	Community Memorial Hospital

The HOME Program's current application process requires applicants to establish the need for HBA and HOR in their area. However, a variety of sources have documented that there is a gap in most areas of the state between household income and the cost of purchasing housing. In addition, the MDOC *Housing Condition Study* (February 2005) shows a high number of homes in need of rehabilitation. Therefore, it is no longer necessary to require applicants to document that need in a HOME application.

Unfortunately, this pilot program does not provide additional funds to meet the state's demand for homebuyer assistance or homeowner rehabilitation. As is the case today, the needs will continue to outpace the resources the HOME Program has to address them. However, the pilot program does attempt to distribute funds in a more efficient and equitable manner, as outlined below.

Benefits of the Pilot Program:

- Minimize the start and stop nature of HBA and HOR programs, allowing for a steady source of funds available to programs to maintain momentum.
- Eliminate applicant's expense of writing a HOME application to access funds.
- Allow organizations to estimate staffing needs based on an estimated number of beneficiaries served, rather than depending on grant funding.
- Motivate local governments and organizations to work together to formulate a strategy for the use of each district's funds.
- Decrease the number of applications HOME staff would review, thereby shrinking the time between receiving multi-family applications and making funding decisions, possibly allowing for construction to begin earlier in the construction season.

Pilot Program Basics:

1. The HOME program would **dedicate half of its annual allocation to HBA and HOR programs**. The remaining half of the HOME allocation would be used for multi-family/rental projects. The rationale for using half of the allocation is based on the history of grants made from the HOME program. For the 2006 program year, the MDOC anticipates a single-family set-aside of $1,987,454.

2. Cities, towns, counties, and CHDOs would **submit a qualification package** (details below). There would be **no deadline**, **no application, and no scoring**. HOME program staff would review the qualification package within 60 days of receipt. Once an entity is qualified, it would enter into a two-year contract with the MDOC and begin conducting its single-family program. An abbreviated recertifying process would be required every two years.
3. The HOME program would ensure distribution of funds throughout the state by using a **formula to divide funds by districts of counties**, which for the most part, will follow the HRDC districts.
4. Funds would be **reserved for each district for 18 months** from the time MDOC receives its HOME allocation from HUD (generally in May of each program year). After 18 months (November), **unused funds would be made available to other qualified entities on a statewide basis**.
5. Funds may be reserved for **120 days for HBA for existing homes and 180 days for HBA for homes being constructed**. This follows the MBOH standard for single-family mortgages. Similarly, funds may be reserved for **180 days for HOR**, based on the experience of existing HOR programs. Note: These deadlines are not from the time funds are available to the time of completion. Rather, these deadlines are from the time a participant has been identified and qualified to participate in the program to the time the transaction is completed.
6. The HOME program will **reserve funds for a specific homebuyer or homeowner once an entity submits a completed set-up report**. The HOME program will have a dedicated e-mail address to which set-up reports may be submitted. Upon receiving the set-up report, the HOME program will reserve funds from the applicable district's pool of funds for the specific homebuyer or homeowner. Entities will then have 120/180 days to draw funds, complete the transaction, and submit a completion report. Documentation requirements will remain much the same as they are currently. The 120/180-day deadline is to prevent entities from reserving funds before the funds are actually needed.
7. There will continue to be a **5 percent match requirement for each homebuyer or homeowner assisted**.
8. Entities may continue to collect administration fees as soft costs. The HOME program proposes the continuation of a **12 percent fee for HOR programs** and a **flat fee of $1,500 for HBA programs**.

<u>Qualification Package Requirements</u>:

1. Submit a **Management Plan**, following existing Management Plan templates for single-family programs. Specifically, the Management Plan will include:

   - ✓ A Program Income Plan to account for the use of recaptured funds
   - ✓ Explanation of the process to determine income
   - ✓ An Affirmative Marketing Plan
   - ✓ Method for determining the amount of assistance provided

- ✓ Sample deed restrictions
- ✓ Homebuyer education requirements *(HBA only*)
- ✓ Plan for meeting ongoing compliance requirements (*HBA only*)
- ✓ Loan terms
- ✓ Sample construction contract (*HOR only*)
- ✓ Property standards to be used and eligible repairs to be completed *(HOR only*)

2. Conduct an **Environmental Review and prepare an Environmental Review Record**, which will need to be renewed every five (5) years. As part of this requirement, designate an **Environmental Certifying Official for every county** within which the entity plans to conduct its programs.
3. Outline procedures for complying with **Lead-Based Paint** regulations.
4. Submit a **Public Outreach Plan** for the entity's entire jurisdiction. For those conducting HBA programs, this must include outreach to those living in public housing and manufactured housing.
5. Provide evidence of **public support from city and/or county officials**.

See Appendix C for a summary comments received at the September 26, 2005 videoconference, along with program responses.

Program funds for HOME would continue to be distributed through a competitive process of grant applications for proposals involving rental housing. Such proposals would continue to have an early spring deadline of March 3, 2006.

The majority of the MDOC's ADDI funds will be granted as part of the set-aside for single-family programs. A household may receive a maximum of $10,000 in ADDI funds. However, grantees may combine ADDI funds with regular HOME funds to provide more assistance to a household. Grantees that receive ADDI funds must demonstrate that they are conducting outreach to residents of public and manufactured housing. Additionally, recipients of ADDI funds must complete a homebuyer education course and must provide documentation to verify they are first-time homebuyers.

A portion of Montana's ADDI funds will be allocated non-competitively to the state's three entitlement cities: Missoula, Great Falls, and Billings, which are not large enough to receive an ADDI allocation directly from HUD. Since the MDOC's allocation of ADDI funds is based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls, and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. The cities will not be required to submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner.

Specific guidelines that relate to the HOME program may be obtained by contacting the MDOC Housing Division or by viewing the program's website at the following address:

http://housing.mt.gov/Hous_HM.asp

Emergency Shelter Grant Program

The **Emergency Shelter Grant program** will continue to use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety-five percent of the funds received, or approximately $374,051, will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. Funds are distributed based on a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. This allocation reflects areas of poverty and general population. While the funds available to the ESG program are less than those allocated to Montana's HOME and CDBG programs, the regional organizations are extremely dependent on the assistance received from the yearly allocation.

Contact the MDPHHS to obtain more information on and guidelines for the ESG program: Jim Nolan, Intergovernmental Human Services at (406) 447-4260.

Housing Opportunities for Persons With AIDS Program

The Intergovernmental Human Services Bureau of the MDPHHS administers the three-state HOPWA program, Tri-State HELP (TS HELP). Serving Montana, North and South Dakota, which do not qualify for direct HOPWA formula funding, TS HELP is a continuum of housing and related supportive services opportunities for people living with HIV/AIDS and their families. The mission of TS HELP is to provide access to affordable housing and supportive services to people living with HIV/AIDS and their families in a dignified manner. TS HELP is a partnership between the MDPHHS, and four private agencies: the Sioux Falls Housing and Redevelopment Commission (South Dakota), Region VII Community Action Program (North Dakota), and Missoula AIDS Council and Yellowstone AIDS Project (Montana).
Program goals for TS HELP include:

- Improving coordination among housing and service providers in each state, including better integration of service delivery.
- Identifying service gaps and financial needs of people living with HIV, and develop strategies to address them. Strategies should acknowledge geographic differences between cities and rural areas.
- Developing an evaluation that measures the effectiveness of stable housing for clients and how the TS HELP program improved the quality of their life.

The project received its first three-year competitive grant in December 2001 under HUD's HOPWA program to provide tenant-based rental assistance, emergency assistance, and housing coordination services to individuals living with AIDS/HIV and their families. TS HELP represented the first multi-state HOPWA competitive application, and thus presented an innovative model for delivery of HIV/AIDS housing and related social services.

In July 2005, the MDPHHS was awarded a HOPWA renewal grant of $1,450,800 to continue operating TS HELP. Over the three-year grant period, the program anticipates providing 100 tenant-based rental assistance subsidies, 55 short-term rent subsidies, and housing coordination services to an estimated 155 individuals living with HIV/AIDS and their families.

In addition, the MDPHHS applied for and received additional HOPWA competitive funding of $1,429,307 in November 2005. The funds, for a three-year period beginning February 2006, will be used to provide 49 tenant-based rental assistance vouchers, emergency assistance for 30 households, and case management services for 158 persons each year. According to HUD, the funds are designed to prevent homelessness for 545 families in 15 states, including Montana and North and South Dakota.

HOMELESS, SPECIAL NEEDS, AND MINORITY POPULATIONS

The Homeless

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs.

The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

Montana Continuum of Care

The Montana Continuum of Care (MT CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The MT CoC's mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources and to promote a unified system of outreach, referral, information sharing, planning, and service. The MT CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to all homeless across the state.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants include representatives from local and state government, public housing authorities, regional HRDCs, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans organizations and mental health centers.

The CoC identifies, prioritizes, and supports projects and activities that enhance the integration and coordination of homeless services in Montana. Each community is encouraged to develop a local continuum in response to specific needs. Based on the local continuum, potential projects are identified and presented to the coalition. The group constructively critiques each project and provides comments and suggestions such as other possible funding sources and leveraging avenues. Projects are also critiqued based on the needs of the community and the integration of the project in relation to the overall statewide CoC. The coalition operates on consensus-based decision-making to identify projects most needy and worthy of support. The MT CoC then prepares a single, coordinated application in response to the Notice of Funding Availability (NOFA) for Shelter Plus Care and Supportive Housing.

Continuum of Care Homeless Population and Subpopulations Chart

Part 1: Homeless Population	**Sheltered**		**Unsheltered**	**Total**
	Emergency	**Transitional**		
Example:	*75 (A)*	*125 (A)*	*105 (N)*	***305***
1. Homeless Individuals	295 (N)	133 (N)	380 (N)	**808 (N)**
2 Homeless Families with Children	58 (N)	86 (N)	33 (N)	**177 N)**
2a. Persons in Homeless Families with Children	184 (N)	235 (N)	96 (N)	**535 (N)**
Total (lines 1 + 2a)	**479 (N)**	**368 (N)**	**476 (N)**	**1,343 (N)**

Part 2: Homeless Subpopulations	**Sheltered**	**Unsheltered**	**Total**
1. Chronically Homeless	55 (N)	179 (N)	**234 (N)**
2. Severely Mentally Ill	196 (N)	145 (N)	**341 (N)**
3. Chronic Substance Abuse	176 (N)	201 (N)	**347 (N)**
4. Veterans	87 (N)	97 (N)	**184 (N)**
5. Persons with HIV/AIDS	9 (N)	8 (N)	**17 (N)**
6. Victims of Domestic Violence	216 (N)	56 (N)	**272 (N)**
7. Youth (Under 18 years of age)	235 (N)	53 (N)	**288 (N)**

Unmet Housing Needs:[17] The following calculations are used to produce statewide totals and are helpful for generalizing unmet need statewide. Similar calculations are also done by district to produce a more accurate and necessary picture of where particular needs exist, but for sake of space, only the statewide calculations are provided here. For example, there appears to be no need for transitional housing in the state, but there is a significant need in District VII (Billings) where a women's prison, high drug usage, proximity to a reservation, and other factors produce a subpopulation that needs transitional stabilization prior to entering permanent supportive housing. Another example is that despite what appears to be a surplus of emergency beds, the major shelters have been consistently reporting that they are full to capacity. The discrepancy in the numbers below could be an aberration due to the one evening count.

	Individuals	Family members
Emergency Shelter Beds:		
# of Unsheltered	380	96
Plus # beds used 1/27/05	295	184
Estimated Total Need	**675**	**280**
Minus # of beds inventoried	386	266
Unmet Need:	**289**	**14**
Transitional Housing Beds		
# of unsheltered persons suffering disabilities & domestic violence	233	38
Plus # of same likely to enter the system during year	466	76
Plus # of same in emergency shelters	123	76
Subtotal	**822**	**190**
Times % estimated to need transitional housing	*33%*	*33%*
Estimated Need	**271**	**62**
Minus beds under development	0	8
Minus # available from turnover during year (1/4)	79	75
Unmet Need:	**192**	**(20)**

Estimating Need for Permanent Supportive Housing:	**Individuals / CH**	**Family members**
# of unsheltered individuals/CH with disabilities	262 / 179	37
Plus # persons/CH est. to enter the coming year	786 / 358	148
Plus # of sheltered individuals w/disabilities/CH	247 / 55	50
Subtotals	**1,295 / 592**	**235**
Minus PSH beds under development	19	16
Minus Estimated # turnover	130	24
Unmet Need (including /CH):	**1,146 / 527**	**195**

The basic methodology provided in Estimating the Need, by Martha Burt and Carol Wilkins for the Corporation for Supportive Housing, was used to determine unmet need for permanent supportive housing (PSH) beds, both individual/chronic homeless (CH) and family.

[17] FFY 2005 Montana Continuum of Care Coalition Application, July 2005

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- ❑ Continue to conduct an annual statewide survey and resources inventory to count and assess homeless needs;
- ❑ Participate in the Montana Council on Homelessness;
- ❑ Inventory all state discharge policies and practices and promote evaluation of best practices and the adoption of new policies when needed;
- ❑ Implement a Homeless Management Information System (HMIS);
- ❑ Collect, analyze, publish and distribute survey findings;
- ❑ Conduct a minimum of five meetings annually;
- ❑ Continue to explore options for initiating a statewide uniform intake and referral system;
- ❑ Contribute to the annual update of the state Consolidated Plan.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have a significant impact on the state.

AGE PROFILE
Census 1990 vs. 2000

	United States				Montana			
AGE	**1990**	**2000**	**% Change**	**% Total**	**1990**	**2000**	**% Change**	**% Total**
Under 20 years	71,321,886	80,473,265	12.8%	28.6%	244,346	257,440	5.4%	28.5%
20 to 24 years	19,020,312	18,964,001	-0.3%	6.7%	47,769	58,379	22.2%	6.5%
25 to 34 years	43,175,932	39,891,724	-7.6%	14.2%	123,070	103,279	-16.1%	11.4%
35 to 54 years	62,801,989	82,826,479	31.9%	29.4%	209,062	277,029	32.5%	30.7%
55 to 64 years	21,147,923	24,274,684	**14.8%**	**8.6%**	68,321	85,119	**24.6%**	**9.4%**
65 & over	31,241,831	34,991,753	**12.0%**	**12.4%**	106,497	120,949	**13.6%**	**13.4%**

U.S. Census Bureau

As the Baby Boom generation (those born between 1946 and 1964) reaches retirement age, the growth of the elderly population (65 and over) is expected to accelerate rapidly. The proportion of Montana's population classified as elderly is expected to increase from 13.4 percent in 1995 to 24.4 percent in 2025[18]. In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging

[18] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

population will have significant impact on the state. According to the 2000 Census, 13.4 percent of Montanans are over age 65, higher than the national average of 12.4 percent. At 9.4 percent of Montana's total population, the 55 to 64 age group is also higher than the national average, 8.6 percent. The 55 to 64 years and the 65 and over age categories also showed increases from 1990 to 2000 that were higher than the national average, with the 65 and older age group increasing by 13.6 percent and those aged 55 to 64 increasing by 24.6 percent. In comparison, the national increase in these age groups was only 12.0 percent and 14.8 percent, respectively.

- At 13.4 percent, Montana has the 14th highest percentage among states for people 65 years of age or older.
- Montana is 17th in percentage of people 85 and over.
- The 2000 census showed Montana had 162 people who were 100 years old or older. Over 50,000 people in the U.S. were 100 years old or older. [19]
- By 2025, the percentage of Montanan's 65 years of age or older is expected to rise to 24.4 percent, ranking it third in the nation. The percent of the population 85 and older is expected to be 3.1 percent, moving the state's ranking to fourth.[20]

The lack of affordable housing is a problem for many of Montana's citizens, including the elderly. The gap between Montana's lower income citizens and access to affordable housing is widening. Poverty continues to grow. Montana's poverty rate was estimated to be 14.1 percent in 2000, 13.3 percent in 2001, and 13.5 percent in 2002. This translates into more than 128,355 Montana citizens at or below the poverty lines, as defined by the federal government.[21] Housing prices continue to rise, making it more difficult for individuals to afford their own homes. The increasing pressures on the rental markets, in turn, drive up housing prices.

Individuals 80 and older require more health services and/or assisted living facilities. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, other types of senior living arrangements available to the person, and the level of health and other services for the elderly available in the community.

Looking at the long-term care continuum, the overall trend has been towards providing more home and community based services and less institutional care. Nursing home

---

[19] *The State of Aging in Montana 2001*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**

[20] *Measuring the Years: State Aging Trends & Indicators Data Book*, Center on an Aging, Society Health Policy Institute, Georgetown University for the National Governors Association Center for Best Practices, August 2004; **http://www.nga.org/portal/site/nga**

[21] *Economic and Demographic Analysis of Montana*, Volume I, January 2006; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

occupancy rates declined throughout the 1990's till the current date, while most home and community based options have seen substantial growth.[22]

	1994	2004	% change
Total Medicaid Long-Term Care Expenditures	$132,969,000	$215,454,000 *(2001)*	+62%
Nursing Home Occupancy Rate	91%	76%	-17%
Medicaid Waiver Clients	850	1,796	+112%
Assisted Living Facilities	29	180	+521%
Adult Day Care Facilities	29	56	+93%

The MDOC has commissioned a study to further analyze and report on the needs of its elderly population and the demand for living with assistance in the state in order to help local communities to determine if assisted living housing is a viable option for them. The study, to be completed in early 2006, will also assist communities in exploring possibilities for assisting seniors to age in place.

Persons with Disabilities

The 2000 Census enumerated 145,732 people over the age of five living in Montana with a disability (17.5 percent of the population). Many people with disabilities had more than one disability resulting in a total number of disabilities tallied of 258,723. The U.S. Census considers people five (5) years old and over to have a disability if they have one or more of the following:

- Blindness, deafness, or a severe vision or hearing impairment;
- A substantial limitation in the ability to perform basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying;
- Difficulty learning, remembering, or concentrating; or
- Difficulty dressing, bathing, or getting around inside the home.

In addition to the above criteria, people 16 years old and over are considered to have a disability if they have difficulty going outside the home alone to shop or visit a doctor's office. People 16 to 64 years old are considered to have a disability if they have difficulty working at a job or business. Disability becomes more common as people age; the 2000 U.S. Census identified 40 percent of Montana's senior citizens as living with a recognizable disability. With the general demographic aging trend due to the baby boom generation, people with disabilities will constitute a greater percentage of the total population in years to come. Many Montana families experience disability; either directly or through providing aid and assistance to a family member with a disability.

[22] *The State of Aging in Montana 2004*, MT Department of Public Health & Human Services; **http://www.dphhs.mt.gov/sltc/services/aging/Reports/index.shtml**

The *Economic and Demographic Analysis of Montana*[23] reports that 19.7 percent of people with disabilities live in poverty, in comparison to Montana's overall poverty rate of 14.1 percent. Adults with disabilities are significantly less likely to be employed and possess a lower level of educational attainment than the population as a whole. This contributes to a greater general level of economic disadvantage among the disabled in Montana.

For more information on the economic and demographic characteristics of Montana residents with disabilities, see the appendix to Volume II of the *Economic and Demographic Analysis of Montana*.[24]

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent, or mentally disabled. These individuals experience ongoing daily functioning difficulties because of their illness and many are unable to work due to their profound disabling illness.

The vast majority of Montanans living in the community who are severely disabled rely upon Social Security Income (SSI) or Social Security Disability Income (SSDI) and other public entitlement programs to pay for their living expenses. Effective January 2006, the SSI payment for an eligible individual is $603 per month and $904 per month for an eligible couple. For 2005, the SSI payment for an eligible individual was $579 per month and $869 per month for an eligible couple.[25]

According to the national study *Priced Out in 2004*[26]:

- In 2004, as a national average, a person receiving SSI needed to pay 109.6 percent of their entire monthly income in order to rent a modest one-bedroom unit. From 2002 to 2004, the housing affordability gap for people with disabilities continued to grow alarmingly while federal housing officials proposed re-directing essential rent subsidy funds to higher income households.
- During the six years since *Priced Out in 1998* was published, the amount of monthly SSI income needed to rent a modest one-bedroom unit has risen 59 percent, from 69 percent of SSI in 1998 to 109.6 percent of SSI in 2004.

---

[23] *Economic and Demographic Analysis of Montana - Volume II, Demographic Analysis*, Center for Applied Economic Research, Montana State University-Billings, November 2005; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

[24] *Economic and Demographic Analysis of Montana - Volume II Appendix, Disability Data*, Center for Applied Economic Research, Montana State University-Billings, November 2005; **http://housing.mt.gov/Hous_CP_Econ_Demographic_Analysis.asp**

[25] Social Security Online website: *Answers to your Questions* - **http://www.socialsecurity.gov/**

[26] Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005; **http://www.tacinc.org**

- People with disabilities receiving SSI are also priced out of smaller studio/efficiency rental units. In 2004, the national average cost of these units rose to 96.1 percent of monthly SSI, an increase of 8 percent from 2002.
- People with disabilities who rely on SSI payments continue to be among the lowest income citizens in the United States. In 2004, the national average income of a person with a disability receiving SSI fell to a new low of 18.4 percent on median income, down from 18.8 percent in 2002.
- Over the past six years, since the publication of *Priced Out in 1998*, the national average income of a one-person household receiving SSI disability payments dropped 25 percent relative to median income; from 24.4 percent of median income in 1998 to 18.4 percent in 2004.

HOUSING AFFORDABILITY IN MONTANA

State and MSAs [A]	SSI Monthly Pmt[B]	SSI as % Median Income[C]	% SSI for Efficiency Apt.[D]	% SSI for 1-Bdrm[E]	SSI as an Hourly Wage[F]	NLIHC[G] Housing Wage[H]
Montana						
Billings	$564.00	18.0%	64.7%	76.8%	$3.25	$8.33
Great Falls	$564.00	21.3%	59.0%	71.1%	$3.25	$7.71
Missoula	$564.00	18.3%	76.1%	87.6%	$3.25	$9.50
Non-Metropolitan Areas	$564.00	21.1%	65.3%	74.7%	$3.25	$8.10
State Average	**$564.00**	**20.4%**	**66.0%**	**76.2%**	**$3.25**	**$8.27**
National Average		**18.4%**	**96.1%**	**109.6%**	**$3.56**	**$13.00**

[A] Metropolitan Statistical Areas
[B] Federal SSI benefit, plus the state supplement (not applicable in MT) for people with disabilities living independently in the community
[C] SSI benefit expressed as a percent of the one-person area median income
[D] Percent of monthly SSI benefit needed to rent a modest studio apartment at HUD's Fair Market Rent
[E] Percent of monthly SSI benefit needed to rent a modest one-bedroom apartment at HUD's Fair Market Rent
[F] SSI benefit expressed as an hourly wage for a full-time job
[G] Hourly wage that people need to earn to afford a modest one-bedroom apartment at HUD's Fair Market Rent
[H] National Low Income Housing Coalition

Source: *Priced Out in 2004* Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, September 2005

In the absence of housing assistance, people with disabilities who rely on SSI income are likely to have few resources left over for food, medicine, and other necessary living expenses after housing expenses are paid. The result is that many will live in substandard housing, live in danger of becoming homeless, or in fact become homeless.

HIV/AIDS

Prior to 1997, housing needs were different than they are today. At that time, nearly all persons with HIV/AIDS were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local advocates, working within their communities, were often able to make a hardship case that these individuals should move to the front

of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People infected with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full time and they continue to need low-income housing. They also need housing in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not as easy to make a hardship case to move them up in the waiting list, and it is more likely they will need low income housing for a much longer period of time.

As of December 31, 2003, a cumulative total of 612 cases of Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) had been reported to the Montana Department of Public Health and Human Services (DPHHS) since 1985. In 2003, HIV/AIDS was the eighth most common reportable disease in Montana with a combined total of 29 (10 AIDS, 19 HIV) cases reported. Approximately 347 individuals aware of their infection are known to be living with HIV/AIDS in Montana. An estimated 66 percent of these individuals have been diagnosed with AIDS. Forty of the state's 56 counties have reported at least one HIV/AIDS case since 1985. Montana remains a "low incidence" state with respect to HIV/AIDS, reporting fewer cases annually than all other states except Wyoming, and North and South Dakota.[27]

The geographic distribution of Montana's HIV/AIDS cases closely reflects the state's overall population distribution. Montana's eight largest counties account for approximately 80 percent of all reported HIV/AIDS cases since 1985. Cases reported during the last two years show no significant change. In fact, nearly 90 percent of all cases identified in the last two years resided in the eight largest counties.[28]

Currently, HIV/AIDS does not appear to have had a disproportionate impact on Montana's American Indian population. American Indians represent approximately six percent of the state's population and represent seven percent of the HIV/AIDS cases reported. Fortunately, the state has not experienced the increase in cases among racial/ethnic minority groups experienced by larger urban areas of the nation. While the number and characteristics of cases among American Indians differs little from those of the general population, other markers of potential HIV risk (teen pregnancies, STD rates) suggest an increased level of risk among American Indians when compared to non-Indian populations.[29]

---

[27] *2005-2007 Comprehensive HIV Prevention Plan,* Community Planning Group for HIV Prevention Project, August 2004; available at: **http://www.dphhs.mt.gov/PHSD/STD-HIV/MTComprehensviePlan2005-2007.doc**

[28] *Ibid.*

[29] *Ibid.*

Addictive and Mental Disorders

People with serious disabling mental illness are served through mainstream subsidized housing programs throughout Montana, but are most strongly impacted by the general shortage of affordable housing in many communities in Montana. Efforts by people with mental illness to find decent, stable, affordable, and safe housing are hampered by their very low fixed incomes, diminished daily living skills, stigma related to mental illness, difficulty presenting well to prospective landlords, lack of specialized housing services, and the general shortage of affordable housing. As a group, people with mental illness exhibit among the highest need for affordable housing in the state of Montana. People with mental illness have difficulty maintaining their housing without specialized supportive mental health services.

The Montana Homeless Continuum of Care 2003 Statewide One-day Snapshot Survey conducted in April 2003 points to mental illness as one of the leading contributors to homelessness in Montana[30]. The survey, an attempt to reach as many homeless individuals and families as possible, is a point-in-time survey taken in seven urban centers in Montana. It is impossible to conduct an exhaustive count, but the attempt is made to provide a reasonable indication of the extent of the problem and to profile who the homeless are in Montana.

The 2003 survey identified 1,380 homeless individuals and 516 homeless families, with 1,417 family members, identifying a total homeless population of 2,797. A total of 707 individuals and family spokesman self-identified that they needed mental health care or medication, and 13.2 percent of individuals and 9.3 percent of heads of families reported that a physical disability contributed to their homelessness. Nearly half of the individuals (48.5 percent) and families (47.2 percent) stated that they needed medical care. According to the National Coalition for the Homeless, approximately 20 to 25 percent of the single adult homeless population suffers from some form of severe, persistent mental illness. This is relatively consistent with the Montana survey results. (Note: The survey does not address disability related to chronic health conditions, developmental disabilities, or other disabilities related to cognitive functioning.)

2003 SURVEY OF THE HOMELESS

	Individuals	Families
Issues Contributing to Homelessness:		
Mental health	27.2%	16.7%
Drugs/alcohol	33.7%	18.0%
Physical disability	13.2%	9.3%
Co-occurring substance abuse & mental illness	12.7%	5.6%
HIV/AIDS	0.4%	0.2%
Self-Identified Needs:		
Drug/alcohol treatment	27.4%	20.7%
Mental health treatment and/or medication	38.9%	31.8%

Note: Respondents can select one or more answers that apply to their situation.

Many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are

[30] *Homeless in Montana*, Montana Department of Public Health and Human Services, 2004; available at: **http://www.mtcoh.org/documents/HomelessinMontana2004_002.pdf**

limited in number and are offered in only a few communities in the state. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group homes to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness. Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent homeownership. In order to assure an opportunity for these individuals to actually achieve a "home", regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

Minority Populations

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. Combined, the Asian and Native Hawaiian/Other Pacific Islander populations total 0.6 percent. The Black/African American population in Montana is very small at 0.3 percent, with the greatest area of concentration in Cascade County.[31]

RACE / ETHNICITY

Race / Ethnicity	Percent
White population	90.6%
Native American (American Indian/Alaska Native)	6.2%
Two or more races	1.7%
Some other race	0.6%
Asian	0.5%
Black/African American	0.3%
Native Hawaiian/Other Pacific Islander	0.1%
Hispanic or Latino population	2.0%

Data for Race / Ethnicity is from Census 2000 unless otherwise noted
Source: Census and Economic Information Center, Montana Department of Commerce

Native American Population

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the state. Glacier, Big Horn, Roosevelt, and Blaine counties have the largest percentage of Native American residents: Glacier - 62 percent; Big Horn - 60 percent; Roosevelt - 51 percent; and Blaine - 45 percent. Other counties with relatively large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau, and Pondera.[32]

Applications for the CDBG and HOME programs are received from all areas of the state, including areas of concentrated minority populations such as towns located within reservation boundaries, county-sponsored water and sewer districts, and counties which include designated reservation land.

[31] U.S. Census Bureau, Washington, DC 20233, Released March 21, 2001. Compiled by: Census and Economic Information Center, Montana Department of Commerce.

[32] *Ibid.*

The HOME program accepts applications from CHDOs around the state. Approximately one-quarter of the 31 certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas. The Ktunaxa Community Development Corporation (Flathead Reservation) and the Wolf Point Development Corporation (Fort Peck Reservation) are endorsed by tribal council and have amended original by-laws to meet the requirements to become state of Montana certified CHDOs.

The HOME program works extensively with all CHDOs and local governments to meet the housing needs of all residents within an applicant's jurisdiction. All applications received are ranked according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

The 2003 Montana Legislature passed House Bill 608, an act relating to the government-to-government relationship between the Montana Indian Tribes and the state of Montana. HB608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- ❑ A commitment to cooperation and collaboration;
- ❑ Mutual understanding and respect;
- ❑ Regular and early communication;
- ❑ A process of accountability for addressing issues; and
- ❑ Preservation of the tribal-state relationship.

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Montana Department of Justice and a trainer selected by the tribal governments. In addition, each year the governor, along with state agency representatives and tribal officials, may review the policies that directly affect tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report by December 15 of each year to the governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- ☑ Any policy that the state agency adopted that directly impact the tribes;

- ☑ The name of the individual within the state agency who is responsible for implementing the policy;
- ☑ The process that the state agency has established to identify the programs of the state agency that affect tribes;
- ☑ The efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes;
- ☑ The efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes; and
- ☑ A joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

In June 2002, President Bush announced the "America's Homeownership Challenge" and challenged the public and private sectors to work together to reach or exceed the goal to increase the number of minority homeowners by 5.5 million by the year 2010. As previously stated, the largest minority group in Montana is comprised of Native Americans.

Section 184 Indian Housing Program: The Indian Home Loan Guarantee program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American who will occupy the property as his/her principal home and has met certain credit and underwriting standards is an eligible borrower. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single-family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

The Montana Board of Housing set aside $1,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals for single family homes located on trust land on an Indian Reservation that are guaranteed by HUD through Section 184 for Native Americans. The MBOH worked with local banks, tribal representatives, bond counsel, state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the MBOH to participate in this program.

Before the 184 Loan Guarantee program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. All of Montana's tribes, except one, have adopted the procedures. In addition, there must be an agreement between the Tribe and the MBOH for a guarantee. To date, 12 loans have been closed statewide for a total of $888,663.

Native American Housing Loan Guarantee Program: The MBOH set aside $1,000,000 in mortgage prepayments to be recycled into permanent financing for 20 to 30 single-family homes for Salish and Kootenai tribal members on the Flathead Reservation. The

Tribal Housing Authority is guaranteeing the loans. These funds will constitute 40 percent of each financing and will leverage 60 percent of Rural Development Funds. This is a pilot program to encourage tribal entities to partner in conventional home financing for their members.

Additionally, the Montana Homeownership Network, an affiliate of Neighborhood Housing Services extended its down payment and closing cost assistance to the Rocky Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer training, and foreclosure prevention. MHN provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

The MBOH Low Income Housing Tax Credit program has funded 11 projects submitted by three tribes in Montana. The Salish and Kootenai have built four projects totaling 73 units. Twenty of those units are single-family homes positioned for eventual homeownership. The Salish and Kootenai recently finished rehabilitating 33 single-family rental homes that received a tax credit allocation in 2002. The Salish and Kootenai were also awarded tax credits in 2004 to build 12 additional units. The Blackfeet have leased up 20 single-family rental homes they completed. The Fort Belknap Housing authority also received tax credits for 22 single-family rental homes in 2000 for two projects and in 2005 were allocated credits to rehabilitate 52 single-family rental homes. In 2004, tax credits were allocated to the Blackfeet to build 35 new houses in the Browning and Heart Butte areas. In 2003, tax credits were allocated to the Blackfeet to build 35 new houses in the Browning and Heart Butte area. The houses have been completed and are 100 percent leased up. Tax credits allocated to the Chippewa Cree to rehabilitate 31 houses in Box Elder were returned later in the year.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent, affordable housing.

Additionally, the Montana Partnership Office (MTPO) of Fannie Mae has been instrumental in promoting Native American homeownership opportunities in the state. The Native American Homeowners Task Force meets monthly and discusses every tribe and their respective activities. Fannie Mae personnel work on establishing a legal framework for the secondary market. Fannie Mae is a member of the statewide task force that has held "Pathways to HomeOwnership" seminars on the Crow, Northern Cheyenne, Fort Peck, Blackfeet and Flathead reservations, and homebuyer education and training sessions as a follow-up to the Pathways seminars.

Montana Resource Conservation and Development (RC&D) Areas and the Montana Homeownership Network are establishing construction curriculums at Blackfeet, Fort Belknap, and Rocky Boy's. Fannie Mae has subsidized the expenses involved in getting high school and tribal college teachers certified to teach construction trades to students.

Education has been a large focus. Through the Fannie Mae Foundation, which established the "Building Native Communities" Financial Literacy Curriculum, 30 teachers have been certified. The Native American Development Corporation and Montana Credit Unions received funding to implement a "First Accounts" program. Fannie Mae facilitates the organizations' efforts and coordinates with them to reach the goal of training and getting minorities and Native Americans to open bank accounts and ward off predatory lenders.

Native American Housing Symposiums: Tribal members from Montana and Wyoming have attended the Native American Housing Symposiums conferences held annually beginning in 2001, dedicated to developing solutions for increased affordable housing on native lands. Each year, the United Native American Housing Association (UNAHA) and the Montana and Wyoming Fannie Mae Partnership Offices bring together nearly 150 tribal members, housing specialists, lenders, developers, and nonprofit groups that specialize in tribal housing issues to discuss efforts to increase affordable housing on tribal lands. The conference features workshops on predatory lending, working with the Bureau of Indian Affairs, Low Income Housing Tax Credits, Earned Income Credits, veterans housing benefits, and Fannie Mae's Home Counselor Online. Presenters include the Montana American Homeowners Task Force, the Wyoming Indian Housing Coordinating Committee, First Interstate Bank, HUD, the Internal Revenue Service, the MBOH, and representatives from local tribes.

Salish and Kootenai Tribe Investments: The MTPO works with the Salish and Kootenai Tribal Housing Authority to find opportunities for investment in their housing projects. Fannie Mae made an equity investment in Elmo Elder Living Center, an affordable senior rental housing development located on the Flathead Indian Reservation. Elmo Elder Living Center offers 10 one-bedroom units starting at $150 per month, and was developed by the Salish and Kootenai Housing Authority utilizing public and private financing to maintain affordability. The MTPO also provided a $5,000 grant to the housing authority to support the creation of a Montana-Wyoming lending consortium.

Expanding Native American Lending: The MTPO facilitated homeownership opportunities for the state's Native American population. Building on relationships with tribal leaders, the MTPO assisted tribes with establishing the legal and regulatory framework necessary for lending on tribal and trust lands, as well as opportunities for Title VI and Low Income Housing Tax Credit programs. The MTPO also supported key homebuyer education and financial literacy efforts of partners across the state, such as the Montana Homeownership Network's support of the RC&Ds. The Montana American Indian Homeownership Task Force, a partnership of Countrywide Home Loans, First Interstate Bank, HUD, USDA Rural Development, MBOH, and Fannie Mae, worked with each tribe to address individual mortgage lending issues and to coordinate efforts in a uniform manner. The Task Force also implemented "Pathways to HomeOwnership," an effort to provide homebuyer education and pre-qualification on four reservations. Fannie Mae has purchased single-family loans and invested in tax credit projects with the Blackfeet and the Confederated Salish and Kootenai Tribes.

ADDRESSING LEAD-BASED PAINT HAZARDS

The Lead-Based Paint Task Force was developed in the spring of 2000 to address the issues surrounding the HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, which went into effect on September 15, 2000. The Task Force initially identified a lack of capacity of certified personnel in the state to meet the lead-based paint regulations as its number one priority.

Montana, a rural area composed of three CDBG and HOME entitlement communities (Billings, Great Falls, and Missoula) and seven Native American Reservations with sovereign governments, has made progress in securing EPA-certified inspectors, risk assessors, supervisors, and workers since the lead-based paint regulations went into effect. However, few of the programs in Montana are fully prepared to meet LBP compliance regulations.

In 2000, Montana partnered with the Montana State University (MSU) Extension Service to bring Environmental Protection Agency (EPA) certified trainers from North Dakota to Montana to conduct two training seminars: one for LBP inspector and LBP risk assessor training and one for LBP supervisors and LBP workers. Many people attended the training; however, after careful consideration, over three-fourths opted not to continue the certification process. The reasons for their decision vary, but include travel restrictions, excessively high EPA certification costs, a very cumbersome certification process imposed by EPA and HUD, and the cost of liability insurance.

The MDOC promotes free HUD training whenever it is offered in the state. However, early on, scheduled training was often cancelled due to perceived low enrollment. The continued cancellation of courses by HUD created a “credibility issue” and people interested in the training were reluctant to sign up for it because of the uncertainty involved. HUD did not seem to understand the difficulty in getting large numbers of people in one location for training due to the large geographic area and sparse population in Montana.

Better results have been achieved recently with free training sponsored by the National Paint and Coatings Association (NPCA). This no-cost training program, which meets the HUD-EPA curriculum, is sponsored by the NPCA and is the result of a cooperative agreement between the NPCA and the individual states. (For more information, go to **http://www.leadsafetraining.org**.)

LEAD-BASED PAINT REGULATION COMPLIANCE CAPACITY

Type of Assistance	Notification	Visual Inspection	Risk Assessment	Clearance	Interim Controls	Abatement
Housing Rehabilitation	**Yes**	**Yes**	**Limited**	**Limited**	**Limited**	**Limited**
Rental Assistance	**Yes**	**Yes**	**Limited**	**Limited**	**Limited**	**Limited**
Homebuyer Down Payment Assistance	**Yes**	**Yes**	**Limited**	**Limited**	**Limited**	**Limited**
Acquisition	**Yes**	**Yes**	**Limited**	**Limited**	**Limited**	**Limited**

Based on the number of houses in Montana that were built in 1979 or before, it is estimated that there are nearly 285,500 Montana units at risk of containing lead-based paint. Although this is approximately 69 percent of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate paint potentially containing lead is crucial.

The more populated areas of the state have workers trained in lead-safe work practices, qualifying them to work on rehab projects costing less than $25,000. This covers most of the single-family rehabilitation projects conducted with federal funds. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. A significant portion of rehabilitation program budgets now goes to addressing LBP hazards.

The MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, the MDOC promotes lead-based paint training whenever it is aware of it being offered in the state.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

The MDOC partnered with the MSU Extension Service to expand LBP training opportunities. MDOC provided financial support for MSU staff to become accredited to provide EPA training for Inspectors and Risk Assessors. MDOC’s hope is that underserved areas of the state will take advantage of this new, local resource to become EPA certified and/or to remain current in existing certifications.

ACTIONS FOR THE PLAN YEAR

NEEDS

The Consolidated Plan regulation requires a priority needs summary table to rank the housing needs for each household type as high, medium, or low. Generally, it was inferred from the household forecast and the telephone survey conducted for the *Montana Housing Needs Assessment*[33] that all degrees of housing needs in the state were either medium or high priority. These priority levels, as set by the Consolidated Plan Steering Committee, will remain the same for the five-year plan period.

Montana Housing Priority Needs Summary Table
2005 – 2010

Household Type		MFI Range	Priority Level	Census 2000 Households	2010 Households
Renters	Small Related	0% - 30%	H	7,210	7,716
		31% - 50%	M	6,765	7,240
		51% - 80%	M	9,357	10,014
	Large Related	0% - 30%	H	1,480	1,584
		31% - 50%	M	1,630	1,744
		51% - 80%	M	2,425	2,595
	Elderly	0% - 30%	H	4,938	5,496
		31% - 50%	M	5,027	5,595
		51% - 80%	M	3,887	4,326
	All Other	0% - 30%	H	10,265	10,775
		31% - 50%	M	8,579	8,966
		51% - 80%	M	10,222	10,773
Owners		0% - 30%	H	15,656	16,755
		31% - 50%	M	22,561	24,145
		51% - 80%	M	42,193	45,155
Special Populations		0% - 30%	H	11,823	12,648
		31% - 50%	M	12,047	12,887
		51% - 80%	M	13,988	14,974
Total Goals	The Montana Department of Commerce is not able to estimate the number of households that will be assisted statewide during the planning period.				
Total Households		0% - 80%	N/A	152,195	162,878
Total Households		All income levels	N/A	358,585	383,754

The state has determined these priorities based on households, not housing activity, at the statewide level. **It is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.** The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

[33] *Montana Housing Needs Assessment*, Center for Applied Economic Research, Montana State University-Billings, December 2004; **http://housing.mt.gov/Hous_CP_HsgNeedsAssess.asp**

SPECIAL NEEDS/NON-HOMELESS SUMMARY TABLE STATE OF MONTANA – FIVE YEAR PLAN 2005 - 2010	
SUB-POPULATIONS	**Priority Need Level High, Medium, Low, No such need**
ELDERLY AND FRAIL ELDERLY	M
VETERANS	M
PERSONS WITH DISABILITIES	
SEVERE MENTAL ILLNESS	M
DEVELOPMENTALLY DISABLED	M
PHYSICALLY DISABLED	M
PERSONS WITH ALCOHOL/OTHER DRUG ADDICTION	M
PERSONS WITH HIV/AIDS	M
TOTAL	**M**

The state has determined a "medium" need at the statewide level for the non-homeless special needs populations. **It is up to each locality to determine its own area(s) of highest need through detailed local analyses, studies, and needs assessments**. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level. Further, the MDOC is not able to estimate the number of persons that will be assisted statewide during the planning period.

NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY STATE OF MONTANA - FIVE YEAR PLAN 2005 – 2010			
PRIORITY COMMUNITY DEVELOPMENT NEEDS	**PRIORITY NEED LEVEL** High, Medium, Low, No Such Need	**ESTIMATED DOLLARS NEEDED TO ADDRESS** *(in millions)*	**ANTICIPATED DOLLARS AVAILABLE TO ADDRESS IN FISCAL 1996** *(in millions)*
INFRASTRUCTURE IMPROVEMENT	**H**		
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H	**$1,612**	
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	**M**		
PLANNING	**M**		
OTHER COMMUNITY DEVELOPMENT NEEDS	**M**	**$1,045**	
Lead-Based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	**H**	**$2,619**	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	M	**$5,276**	**$6.5**

The state has determined these priorities at the statewide level for non-housing community development. **It is up to each locality to determine its own area(s) of highest need through detailed local analyses, studies, and needs assessments**. The state reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

Further, the MDOC is not able to estimate the number of persons that will be assisted the statewide during the planning period.

PERFORMANCE MEASUREMENT

In September 2003, HUD issued *CPD Notice 03-09* regarding performance measurement. In the notice, HUD strongly encouraged each CPD formula grantee, which includes Montana's HOME, CDBG, and ESG programs, to develop and use a performance measurement system. In addition, it described the need for HUD to begin to show the results of the federal dollars spent on the activities funded by the CDBG, HOME, and ESG programs. On June 10, 2005 HUD published the *Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs* in the Federal Register. As described in the Federal Register, the proposed outcome performance measurement system should enable HUD to collect information on the outcomes of activities funded with CPD formula grant assistance and to aggregate that information at the national, state, and local level.

In preparation for the new system, MDOC staff attended HUD's web cast on the proposed performance measurement system in June 2005. HOME staff attended HUD's feedback session in San Francisco in July 2005, provided comments on the proposed rule in September 2005, and attended training sessions sponsored by the National Council of State Housing Agencies (NCSHA) and the Council of State Community Development Agencies (COSCDA) in January 2006. The three covered programs, CDBG, ESG and HOME, will begin working with the entities it funds to ensure that adequate information is collected at the local level so that the it can be entered into IDIS.

The MDOC and MDPHHS anticipates that each project or activity funded by the HOME, CDBG, and ESG programs will fall under one of the three objectives, which relate back to the statutory purposes of the programs:

1. **Creating a Suitable Living Environment:** In general, this objective relates to activities that are designed to benefit communities, families or individuals by addressing issue in their living environment. It relates to activities that are intended to address a wide range of issues faced by LMI persons from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services.

2. **Providing Decent Housing:** The activities that typically would be found under this objective are designed to cover the wide range of housing possible under CDBG, HOME or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since they would be more appropriately reported under "Creating a Suitable Living Environment".

3. **Creating Economic Opportunities:** This objective applies to types of activities related to economic development, commercial revitalization, or job creation.

For each objective selected for a specific project, one of three outcome categories that best reflects what is expected to be achieved by funding that activity will be chosen. The three outcome categories are:

1. **Improving Availability or Accessibility:** This out come category applies to activities that make services, infrastructure, public services, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible (i.e., increased access to various services, housing units, or facilities) to low- and moderate-income people where they live. Note: Where a service or facility did not exist, the assistance provided results in "new" access to that service or facility. Where a service or facility was limited in size or capacity, and the assistance expanded the existing service or facility, the result would be improved access.

2. **Improving Affordability:** This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include creating or maintaining affordable housing, basic infrastructure hookups, or services such as transportation or daycare.

3. **Improving Sustainability:** This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods. (Note: HUD does not have a common definition for neighborhood, other than Neighborhood Revitalization Strategy Areas (NRSA) or Community Revitalization Strategy Areas (CRSA), which must be approved by HUD. The state CDBG program can locally define specific areas, such as census tracts, block groups, or target areas, as neighborhoods.)

In the context of HUD's framework, *sustainability* is specifically tied to activities that are meant to ensure that a particular geographic area as a whole (neighborhood, downtown, etc) remains viable. It is targeted at supporting a specific physical location. *Availability* is related to making services, infrastructure, housing, or shelter available or accessible to individual residents/beneficiaries.

The three objectives are combined with the three outcome categories to come up with a matrix of nine outcome statements (see the Outcome Statement Matrix, following).

OUTCOME STATEMENT MATRIX			
	Outcome 1: Availability or Accessibility	**Outcome 2:** Affordability	**Outcome 3:** Sustainability
Objective 1: Suitable Living Environment	Enhance Suitable Living Environment through Improved Accessibility	Enhance Suitable Living Environment through Improved or New Affordability	Enhance Suitable Living Environment through Improved or New Sustainability
Objective 2: Decent Housing	Create Decent Housing with Improved or New Availability	Create Decent Housing with Improved or New Affordability	Create Decent Housing With Improved or New Sustainability
Objective 3: Economic Opportunities	Provide Economic Opportunity through Improved or New Accessibility	Provide Economic Opportunity through Improved or New Affordability	Provide Economic Opportunity through Improved or New Sustainability

PROGRAM OBJECTIVES AND ACTIONS

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of needs, while allocating resources equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana is committed to moving forward with a concrete set of objectives to address the needs of its low- and moderate-income families.

Housing

Housing needs across Montana vary widely. There is a broad array of housing availability, affordability, and suitability issues across the state. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. Resources are not adequate to address all housing needs and requirements throughout the state.

As a state agency administering housing programs, the MDOC does not prescribe to local governments and CHDOs the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need levels described in the Housing Priority Needs Table on page 51 represent only a general indication of needs throughout Montana.

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state's housing needs. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific housing objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following housing objectives and actions designed to meet those objectives.

- **State Objective:** Provide homeownership opportunities to low- and moderate-income households throughout Montana.

  Actions:

  - The HOME Program will continue to make funds available for homebuyer programs throughout the state, assisting an estimated 50 homebuyers per year.
  - The MBOH anticipates that it will continue to make bond funds available to assist approximately 1,100 low- to moderate-income homebuyers each year with $115 to $130 million in low interest rate loans.
  - The MBOH anticipates that it will continue to operate the Mortgage Credit Certificate (MCC) program, which was reauthorized in January 2006. During the last year, $650,123 in credit authority assisted 26 eligible homebuyers and the MBOH anticipates this will continue to grow over the next several years.
  - The MBOH anticipates that it will continue to make funds available through the Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single family programs. The MBOH expects to make approximately $23 million available for financing to 250 very low-income families per year.
  - The MBOH anticipates that it will continue to make funds available through the Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 50 homes with nearly $3.25 million in recycled mortgage funds over the five-year period.
  - The HOME and CDBG programs will continue to make funding available for housing rehabilitation programs throughout the state, assisting an estimated 30 homeowner units per year.
  - Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state.
  - The HOME and CDBG programs will continue to require projects to conform to federal and state energy efficiency standards.
  - The MBOH will redesign and continue to market the award-winning housing plan book, *Montana Housing Solutions: Designing for Comfort & Quality*, which contains several house plans designed to be affordable and energy efficient.
  - The HOME program will continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds.
  - The MBOH will continue to collaborate on obtaining funds for organizations that provide homebuyer training
  - The MDOC will continue to explore creative means to deliver homebuyer training in rural areas. Increase the use of web casts and video conferencing for homebuyer education, especially in remote areas.

- The MDOC will increase awareness of and monitor the level of predatory lending practices by continuing to support legislation to reform the payday and title loan industry, including participating in the Montana Alliance for Responsible Finance and the Montana Financial Education Coalition.
- The MDOC will continue to support the Section 8 Homeownership Voucher program.
- The MBOH will coordinate with educational institutions to facilitate technical construction, weatherization and home-improvement courses.
- The MDOC will continue support of private foundations committed to leveraging federal dollars for affordable housing throughout the state.
- The MDOC will continue to support programs such as the Montana House - Montana Made Homes program, a partnership between the MBOH, the Anaconda Job Corps, and private nonprofit housing providers around the state. The MBOH provides financing for vocational students to construct 960 square foot modular homes at the Anaconda Job Corps Center. These homes will then be sold to qualifying homebuyers around Montana. The homebuyers will work with a private, nonprofit housing provider in their area that will help them identify a location for the home and prepare the site for delivery of the home. It is expected that the program, which began in September 2004, will construct four homes annually.

➢ **State Objective:** Improve the quality and availability of affordable rental housing for low- and moderate-income households.

Actions:

- Utilize HOME funds to rehabilitate existing and construct new rental housing. Estimate 25 new units and 30 rehabilitated units per year. Preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units.
- Utilize the LIHTC program to construct or preserve an estimated 250 units of rental housing per year. Annual authority is estimated at $2,125,000 plus any inflation factor the IRS may calculate, which provides an equity infusion of approximately $15 million per year for production of affordable housing.
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans.
- The MBOH will continue to offer permanent mortgage financing for affordable rental housing in partnership with HUD's Risk Sharing Program, which provides mortgage loan insurance.
- The MBOH will continue to offer permanent mortgage financing through its General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance.

- The MDOC will continue support the Mountain Plains Equity Group, Inc. (MPEG). The MBOH joined with the North Dakota Housing Finance Agency and the Wyoming Community Development Authority to form the MPEG. The purpose of the investment group is to support the development of affordable multi-family housing in communities throughout the tri-state area. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG is expected to ease the development of multi-family housing. MPEG is structured as a nonprofit corporation to make investments in LIHTC projects and potentially historic tax credit projects.

➢ **State Objective:** Provide housing options for the elderly and special needs populations.[34]

Actions:

- Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage.
- Address the perceived need for assisted living housing for the elderly by commissioning a study on elderly housing issues in rural areas, to be completed in December 2005.
- Continue to utilize HOME and CDBG funds to develop projects targeted to physically, developmentally and mentally disabled households.
- Increase rental housing, supported living arrangements, group living, and homeownership opportunities for persons with severe and disabling mental illness (SDMI), developmental disabilities, mobility impairments, and other disabilities, especially through cooperation with the Montana Home Choice Coalition and other organizations, as appropriate.
- The MBOH anticipates that it will continue to make funds available through the Disabled Accessible Affordable Homeownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments. The MBOH expects to finance 156 homes with nearly $10 million in recycled mortgage funds over the five-year period.
- The MBOH in partnership with Fannie Mae will offer through its lending network the Fannie Mae MyMontanaMortgage (MMM) product including the HomeChoice option targeted at the homeownership needs of individuals and families with disabilities to provide a below market interest rate mortgage to persons with disabilities that do not require architecturally accessible homes or other physical modifications be made to the home.

[34] HUD defines special needs households as a household where one or more persons have mobility impairments or disabilities, i.e., mental, physical, developmental, persons with HIV/AIDS; or with alcohol or other drug addiction that may require housing with supportive services.

- Continue to support education offered by Montana Fair Housing, the Montana Home Choice Coalition, and other organizations regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available.

➢ **State Objective:** Affirmatively further fair housing and implement objectives and actions identified in the *Analysis of Impediments to Fair Housing*.[35]

Actions:

- Continue to require all HOME and CDBG grantees to abide by fair housing laws and take actions to provide housing services and programs free of discrimination;
- Continue to maintain records reflecting the analysis and actions taken;
- Work to improve the understanding of fair housing law and proper construction practices by:
  - Improving the general public's understanding of fair housing law through further outreach and education.
  - Exploring the feasibility of incorporating homebuyer training at the secondary education level. Communicate how credit markets work, how to avoid credit problems, and what predatory lending practices are to an audience entering the rental or homebuyer market.
  - Designing educational training sessions for specific subgroups, including consumers and providers of housing to improve the fair housing educational experience.
  - Continuing to publish and distribute fair housing educational materials and guides, to include:
    - Completing the update to the fair housing advertising guide.
- Enhance coordination among member of Montana's affordable housing community by:
  - Establishing a network with landlords, bankers, attorneys, advocates, and other interested parties for setting and coordinating a fair housing agenda. MDOC will oversee this effort. It will establish a Fair Housing Working Group with regular meetings to assess and review progress associated with the fair housing agenda.
  - Encouraging partnerships among the disabled community, housing developers, builders, and other housing providers. This action may include:
    - Identifying and defining sources of information to which questions about 504 design and construction standards and 504 compliance can be referred; and

[35] *Analysis of Impediments to Fair Housing and Housing Choice*, Western Economic Services, LLC, November 2004; **http://housing.mt.gov/Hous_CP_AnalysisImpedFrHsg.asp**

        - Urging developers and builders to contact the disabled community directly.
    - Coordinating with Montana Fair Housing to further fair housing education throughout the state.
    - Increasing the MDOC's role as an information clearinghouse by including additional information on the Housing Division website, including:
        - Montana Landlord/Tenant Law;
        - Federal and Montana fair housing laws; and
        - ADA and 504 design and construction standards.

- **State Objective:** Decrease housing environmental hazards, such as lead-based paint and asbestos.

  Actions:

  - Enforce all applicable federal and state environmental laws;
  - Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops;
  - Continue to require the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed;
  - Continue to promote lead-based paint training whenever the MDOC is aware of it being offered in the state; and
  - Partner with the MSU Extension Service to expand LBP training opportunities by providing financial support for MSU staff to become accredited to provide EPA training for Inspectors and Risk Assessors. MDOC anticipates that underserved areas of the state will take advantage of this new, local resource to become EPA certified and/or to remain current in existing certifications.

- **State Objective:** Continually improve the efficiency of the MDOC housing programs**.**

  Actions:

  - Market the resources available to acquire, build, preserve, or rehabilitate affordable housing units by continuing the participation of the HOME and CDBG program staff in joint affordable housing application workshops each year. Other participating programs include the MBOH Low Income Housing Tax Credit Program and USDA Rural Development Housing Programs. At least three workshops a year will be held.
  - HOME, CDBG, MBOH, and USDA Rural Development staffs expect ongoing, active participation in the efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming five-year period will focus on standardizing environmental review processes, contents of grant administration manuals, and compliance monitoring.

- Examine the allocation procedure in order to simplify and maximize the efficiency with which HOME funds are allocated and to ensure that they are being leveraged to the greatest extent possible.
- Continue to encourage CDBG housing funds be used as part of an overall neighborhood or community renewal effort.
- Continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue to be on community needs assessment and project development. Staff members of each MDOC program continue to market the programs and educate potential participants in the programs. The CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance.
- Increase training opportunities in housing construction as part of an overall economic development strategy that specifically targets training to at-risk populations, such as participants in the Job Corps, inmates in the prison system and residents of Indian Reservations.

Homelessness

Actions:

- Secure available resources for persons requiring supportive and transitional services;
- Assist persons requiring supportive and transitional services to achieve permanent housing;
- Assist in meeting the supportive services needs for the homeless;
- Assist in securing stable funding sources for existing homeless facilities and services;
- Continue to support the statewide continuum of care strategy to ensure emergency, transitional, and permanent housing; and
- Actively support and participate in the Montana Council on Homelessness.

The state of Montana was selected in January 2003 to participate in a Federal Homeless Academy “Improving Access to Mainstream Services for People Experiencing Chronic Homelessness” held in May 2003. The Academy is a collaborative effort of the U.S. Departments of Health and Human Services, Housing and Urban Development, and Veteran Affairs that brings together teams of policymakers from various states and technical assistance providers to identify best practices for ensuring that the homeless have access to mainstream resources such as SSI, TANF, Medicaid, food stamps and mental health services.

A team consisting of representatives from the Governor's office, the legislature, state agencies, local advocates, and the Continuum of Care attended this comprehensive learning and planning session held in Chicago. With a vision statement "to provide the state-level leadership and coordinated effort that will end chronic homelessness by 2010," the team developed an Action Plan consisting of four priorities:

PRIORITY I: Coordinate Services: Establish the necessary leadership to create a sustainable structure and improve the coordination of homeless services statewide.

PRIORITY II: Case Management: To improve and strengthen effective Case Management of homeless.

PRIORITY III: Mobilize Resource: Access all available resources and identify where new resources can make a critical difference.

PRIORITY IV: Outreach: Create new outreach effort and leverage current outreach efforts to increase enrollment of hard-to-reach chronic homeless individuals.

Each priority has a number of strategies followed by actions, additional steps that may be required, completion dates, and benchmarks or outcomes. A complete copy of the Action Plan for Montana can be found at:

http://www.hrsa.gov/homeless/state_pages/pa4/mt.htm

Additional information on the Homeless Policy Academies can be found at:

http://www.hrsa.gov/homeless/

As a result of the Montana Policy Academy and in response to the growing problem of homelessness in Montana, then-Governor Judy Martz issued an Executive Order in June 2004, establishing the Montana Council on Homelessness (MTCoH). The MTCoH was structured to establish vital links among the efforts and resources of state and federal agencies, communities, tribes, nonprofits, and others. The MTCoH is charged with developing a 10-year plan to eradicate chronic homelessness in Montana and with addressing this multi-faceted issue through policy, protocols, recommendations for legislation and the creative use of new and existing resources. For more information on the MTCoH, go to:

http://www.mtcoh.org/index.html

Economic Development

Based on years of public comment, enforcement of federal program objectives, various studies conducted for the program and on economic development, the program's objectives for assisting business development in Montana are:

- **State Objectives**:

  - Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low- and moderate-income Montanans;
  - Increase economic activity that adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
  - Increase economic activity that creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
  - Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50 percent) outside of Montana;
  - Allow local communities to identify their own needs and develop their own initiatives;
  - Assist businesses and communities in achieving prosperity by using program resources to leverage other private and public resources;
  - Assist micro-enterprise development through technical assistance funding;
  - Assist new and expanding businesses with employee training needs;
  - Assist communities and small businesses in gaining access to federal funding for research and development (R&D) through the state of Montana Small Business Innovation Research (SBIR) program;
  - Place a priority on projects that create higher paying jobs;
  - Fund more high-technology businesses and manufacturing operations, including value-added agricultural products, based on current demand;
  - Help create over 200 jobs per year, of which more than 51 percent will be held by or made available to low – and moderate-income persons; and
  - Leverage $12 to $13 of other funds for each $1 of program funds.

Actions:

- The Montana Finance Center: The Business Resources Division maintains a database accessible on the Internet called *The Montana Finance Center*, which provides summary information for the most significant financing resources available from state, federal, and local institutions. The Montana Finance Information Center website is organized by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to business and local governments. Direct web links are provided wherever possible for direct connection to funding sources. The site has been

constructed by the BRD to assist the businesses and communities of Montana in achieving economic prosperity, keeping in mind that the vision of prosperity to be achieved must be defined by the businesses and communities that are served. Access the *Montana Finance Center* online at:

http://www.mtfinanceonline.com/

- Certified Regional Development Corporations: The 2003 Montana Legislature created the Certified Regional Development Corporations (CRDC) program. The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are responsible for helping local officials, communities and businesses "assess, plan, and facilitate action" within their regions. CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. CRDCs receive regional capacity building grants from the MDOC on an annual basis. In 2004, 12 CRDCs were formed and placed under contract to provide technical assistance within their respective regions.

Infrastructure and Public Facilities

Infrastructure needs across Montana vary widely. As a state agency administering non-housing community development programs, the MDOC does not prescribe to local governments the priority needs within their communities. All needs in Montana are great. The statewide priority need levels described in the Non-Housing Community Development Priority Needs Summary table represent only a general indication of needs throughout Montana.

Faced with the overwhelming demand for non-housing community development, the state will implement programs and deliver resources to in-need populations around Montana, in an attempt to continually minimize the state's non-housing community development needs. No single action can meet the specific non-housing community development objectives of any given community. Nevertheless, the MDOC is committed to moving forward with the following non-housing community development objectives and actions.

- **State Objective:** Provide community and development opportunities to low- and moderate-income residents and strengthen communities within the state.

  Actions:

  - Provide annual planning grants to identify overall community development and housing and neighborhood renewal needs necessary to get a project under way or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy; preparing a neighborhood redevelopment plan; preparing a preliminary engineering or architectural report,

capital improvement plan, or similar planning studies needed to help a community address critical needs.

- Continue to provide technical assistance to communities to encourage them to access CDBG funding and to ease compliance with the federal regulations tied to CDBG funding.
- Continue to market the resources available to build affordable infrastructure/ public facilities by continuing to participate in the W_2ASACT public facility workshops. The workshops are designed to familiarize local governments with federal and state low interest loan and grant programs that are available to assist local government and water and sewer districts with financing for water, sewer, and solid waste improvement projects. At least two workshops per year will be held in different parts of the state.
- Continue to support the other programs administered by the Community Development Division of the MDOC, which are critical to assisting local governments in meeting their infrastructure needs.
    - In May 2004, the Treasure State Endowment Program (TSEP) received 47 applications from counties, cities and towns, tribal governments, and water and sewer districts for construction project grants and awarded grants to 40 of those applicants. Over $76 million in matching construction grants has been awarded to 200 local governments since 1993.
    - The Montana Coal Board has been an active participant with local governments in coal-impacted areas. During 2004 and 2005, 19 grants were awarded to local governments, totaling over $1.4 million.
    - The Hard Rock Mining Impact Board has been active assisting local governments to mitigate the fiscal impacts on local government services and facilities due to new large-scale hard rock mining development.
- Continue to actively participate in other W_2ASACT activities, including:
    - Periodically updating the *Uniform Application for Montana Public Facility Projects*, the streamlined, common application form in developed in 1997 that is used by six state and federal public facility funding programs in Montana;
    - Making the on-line version of the *Uniform Application* more “user friendly”;
    - Regularly updating a uniform method of tracking project expenditures for infrastructure projects funded by multiple agencies;
    - Developing a listing of infrastructure projects throughout Montana and the funding sources and amounts involved in the projects;
    - Creating a 12-minute video to explain the basics of funding a public facilities project and a second 18 minute video to describe the process of the completing an infrastructure project from beginning to end;
    - Creating a standard supplemental conditions section that can be used in bid documents, which is acceptable to all federal and state programs;

- Working on a common environmental review process that would be acceptable to all programs;
- Conducting outreach to tribes.

- Continue to fully award all CDBG public facility and planning grant funds.

Additional Plans and Actions

Addressing Obstacles to Meeting Underserved Needs and Removing Barriers to Housing

President Bush, in announcing his *New Freedom Initiative*, identified a major discrepancy in the general rate of homeownership of 71 percent and the rate of households headed by people with disabilities, which stands at 10 percent. The Montana Home Choice Coalition believes these national figures are generally applicable to the homeownership gap present in Montana, and is committed to closing this gap for people with disabilities and their families.

Like other citizens, people with disabilities can benefit from homeownership. Efforts to provide homeownership opportunities and choices can be supported through a combination of funding programs and new initiatives. Individuals with disabilities may need access to more financial assistance than the average first-time homebuyer due to limitations on work and related earning power due to their disability. Working in support of homeownership for persons with disabilities, the Montana Home Choice Coalition's homeownership initiative involves four major general strategies:

- Provide community outreach and education to the disability community;
- Provide individual homeownership counseling and referral services;
- Provide access to the Fannie Mae MyMontanaMortgage HomeChoice option for Persons and Families with Disabilities. This mortgage product has flexible features specifically designed to meet the needs of homeowners with disabilities. It provides a flexible mortgage option for potential homeowners with disabilities and adds existing mortgage options available through Montana Board of Housing, HUD, and Rural Development; and
- Educate and advocate with affordable homeownership providers, the housing finance industry, and housing builders. Within the public housing resource needs identification process, identify the interest in and need to include homeownership as an option for people with disabilities, including the development of accessible housing stock incorporating Universal Design.

The Montana Home Choice Coalition is committed to assisting eligible persons with disabilities to become homeowners. The coalition works to bring together a variety of community resources including HUD-funded homebuyer assistance programs in communities across Montana, working closely with the Montana Homeownership Network, MBOH, MDOC Housing Division, Fannie Mae, USDA Rural Development,

Section 8 contractors, lenders, and Realtors®. The coalition works to support implementation of the Section 8 Homeownership Voucher program. In partnership with the MDPHHS Developmental Disability Program (DDP), the coalition has a special initiative to provide homebuyer assistance to eligible persons with developmental disabilities served by certain DDP-funded services who desire to become homeowners.

U.S. Supreme Court Olmstead Decision

The 1999, the U.S. Supreme Court Olmstead Decision established that States must work to provide people with disabilities who currently reside in institutions or other intensive levels of care, like nursing homes, with appropriate and meaningful opportunities for full access to community life. A fundamental piece of creating appropriate community living options is appropriate housing. The Bush Administration's *New Freedom Initiative* calls for swift implementation of the *Olmstead* decision and calls on federal agencies, including HUD-funded programs to identify and remove obstacles that prevent people with disabilities from full participation in community life and to work cooperatively to assist the states in creating appropriate *Olmstead* solutions across the country. In Montana, the major institutions serving people with severe disabilities include the Montana State Hospital at Warm Springs, and the state Nursing Care Center at Lewistown, which serve people with mental illness, and the Developmental Center at Boulder serving people with developmental disabilities. *Olmstead* also covers people with disabilities who are inappropriately served levels of restrictive care that are higher than necessary.

During the upcoming plan year, the Montana Home Choice Coalition will work with its lead agency A.W.A.R.E., Inc. and the MDPHHS Developmental Disabilities Program to develop four to five supportive living residences to provide an individualized home environment for 16 to 18 current residents of the A/B units at the Developmental Center at Boulder. These residents have a relatively high degree of disability and are considered to have total care needs. The residences are expected to be developed in the Boulder, Butte, and Anaconda areas. The housing will be supported with A.W.A.R.E.'s intensive community services provided through the DDP funding. This activity represents a significant new opportunity for persons with severe developmental disabilities to live in the community and is expected to lead to the closing of the A/B unit at the Developmental Center. This initiative represents a significant rebalancing effort on the part of DDP, moving institutional resources to supported community living and community services.

Reducing the Number of Poverty Level Families

Montana has a high proportion of families who live near the official poverty level. It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

First, Montana is committed to utilizing employment as the primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act (WIA), Temporary Assistance For Needy Families (TANF), and state resources such as higher education and economic development, are available to low-income families. Administrators of these programs meet regularly to ensure coordination and results.

Second, the state provides a series of work supports to stabilize families as they increase their skills and seek better employment. These supports include TANF, food stamps, energy assistance, health care, childcare, housing assistance and advocacy.

Finally, the Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. In addition, the Governor has supported a comprehensive effort to end chronic homelessness in Montana.

Developing Institutional Structure

The state remains committed to developing and enhancing institutional structure in the state through its participation in various working groups, committees, and councils as discussed in the section on Interagency Cooperation And Coordination.

Enhancing Coordination between Public and Private Housing and Social Service Agencies and Fostering Public Housing Resident Initiatives

The state does not have a public housing authority. Public housing authorities are set up under state law at the local level to better meet the needs of the local community. However, the MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the previous discussions on the Housing Working Group and Housing Coordinating Team; and the Montana Continuum of Care, Home Choice Coalition, and Tri-State HELP.

PROGRAM SPECIFIC REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana administers nonentitlement Community Development Block Grant funds through the Community Development and Business Resources Divisions of the MDOC. The CDBG program was established by the Federal Housing and Community Development Act of 1974 and has been administered by the MDOC since 1982. The CDBG program is a federally funded competitive grant program designed to help communities of less than 50,000 in population with their greatest community development needs. Eligible applicants are limited to general-purpose local governments. All projects must principally benefit low- and moderate-income persons.

The primary objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low- and moderate-income. Seventy percent of the funds must be used for activities that benefit low- and moderate-income persons.

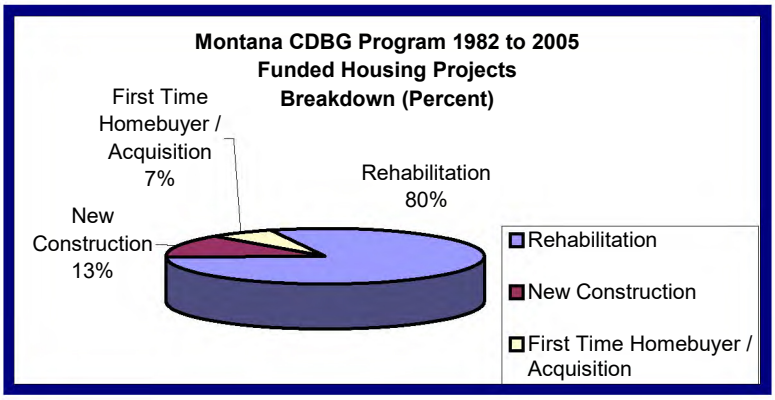
CDBG Program Categories

The basic categories for local community development projects are housing and neighborhood renewal, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and nonresidential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a nonprofit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities, or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

Housing and Neighborhood Renewal Projects

For housing and neighborhood renewal, CDBG funds are most often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households. CDBG funds can also be used to finance or subsidize the construction of new, permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.

Transitional (temporary) housing is eligible under the housing and neighborhood renewal category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.



Over the past 24 years, CDBG has funded about 95 housing projects that equal more than $36 million in CDBG funds.

Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, Head Start centers, public nursing home facilities, and public hospitals in rural communities.

Economic Development Projects

For economic development, Montana's CDBG program is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the Economic Development Administration (EDA) and Small Business Administration (SBA). The program is also encouraged to complement the Montana Department of Commerce programs for business assistance administered by the Business Resources Division, such as the Regional Development program and the state Micro Business Finance program, as well as programs administered by the Montana Board of Investments.

The CDBG Economic Development program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure, and other improvements in support of economic development, such as water and sewer lines, sidewalks, and access roads; loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, or working capital; and grants or loans from communities to nonprofit entities.

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

Type of Grant	Ceiling
Housing & Neighborhood Renewal (*FFY 2007*)	$ 450,000
Public Facilities (*FFY 2007*)	$ 450,000
Planning – Public Facilities and Housing & Neighborhood Renewal (*FFY 2006*)	$ 15,000
Economic Development (*FFY 2006*)	$ 400,000
Planning – Economic Development (*FFY 2006*)	$ 15,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by the MDOC. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are not cost-effective due to the administrative requirements that accompany the program.

Type of Grant	Deadline
➢ FFY 2006 Planning Grants-Housing & Neighborhood Renewal and Public Facilities (*$225,000*)	April 21, 2006
Grant Announcement	June 2006
➢ FFY 2007 Public Facilities Grants (*estimated* $2.7 *million)*	May 26, 2006
Grant Announcement	October 2005
➢ FFY 2007 Housing & Neighborhood Renewal Grants (*estimated $1.4 million)*	November 3, 2006
Grant Announcement	February 2007
➢ FFY 2006 Economic Development Grants (*approx. $2.2 million)*	Open Cycle

Applications must be delivered or postmarked on or before the deadline date. Applications for Economic Development assistance can be made at any time.

Ranking Criteria

Housing and Neighborhood Renewal

Housing and Neighborhood Renewal applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1. Community Planning & Citizen Participation	150 Points
2. Need	150 Points
3. Project Strategy and Community Efforts	200 Points
4. Benefit to Low- and Moderate-income	150 Points
5. Implementation and Management	150 Points
TOTAL:	**800 Points**

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a housing and neighborhood renewal application to be considered for funding is 550. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Public Facilities

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1. Community Planning & Citizen Participation	125 Points
2. Need for Project	125 Points
3. Project Concept and Technical Design	100 Points
4. Community Efforts	75 Points
5. Need for Financial Assistance	150 Points
6. Benefit to Low- and Moderate-income	100 Points
7. Implementation and Management	125 Points
TOTAL:	**800 Points**

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 475. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Economic Development

For-profit businesses applying to the CDBG-ED program under the sponsorship of a local government must meet certain thresholds to be considered for funding. These are listed in the application guidelines of the CDBG-ED program. In addition, the community and business must demonstrate the following:

1. All requirements are met or exceeded.
2. The level of CDBG-ED assistance is appropriate in relation to the public benefit expected to result from the project.
3. The proposed management is experienced in the type of business activities proposed and has demonstrated the capacity to successfully manage the entity to be assisted.
4. The application is complete as submitted and contains accurate information.

5. The earnings projections submitted with the application are realistic and attainable, are supported by historical trends and industry norms, and indicate that the projected cash flow is sufficient to support the proposed increased debt.
6. The CDBG-ED funds would be adequately secured with all reasonably available assets and/or personal guarantees.
7. The application documents a sound, well-reasoned proposal with a perceived strong chance of success if CDBG-ED funds are received.
8. The private or public sector lenders involved in the project have provided firm commitment of funds.
9. The project is ready to proceed upon the notification of the tentative CDBG-ED award and implementation will begin immediately.
10. The application conclusively demonstrates that the project will support itself over time and will not impose a burden on any local government or nonprofit entity participating in the project.
11. The applicant has considered the quality of the job and the wage it pays. The Loan Review Committee will place greater weight on job quality and wages paid when evaluating CDBG-ED projects for funding.
12. Applications where viability may be questionable, or where the overall business plan or the need for CDBG-ED assistance is not adequately documented, may be restructured, renegotiated, or not funded, depending on the severity and the nature of the problems identified.

Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until all funds are committed.

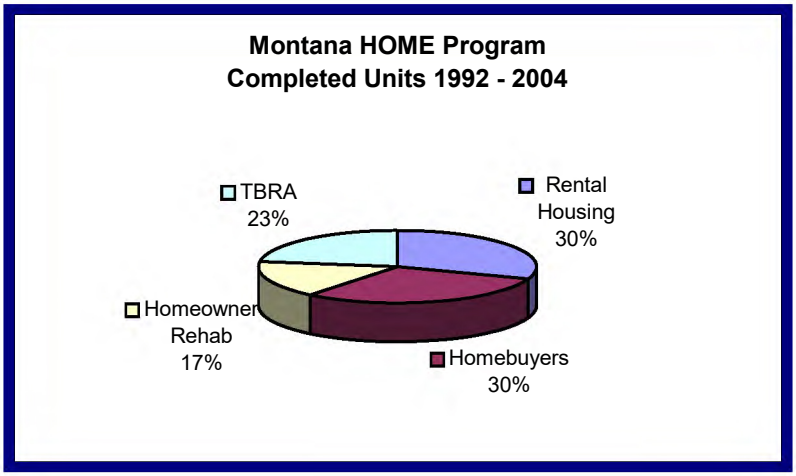
Monitoring

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG programs, Housing and Neighborhood Renewal, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

For CDBG economic development projects, the method of project monitoring has been modified over the years in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial

evaluation procedures, requiring additional technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated.

HOME INVESTMENT PARTNERSHIPS PROGRAM



The goal of the MDOC HOME program, administered within the MDOC Housing Assistance Bureau, is to expand the supply of decent, safe, affordable housing for low- and very low-income Montana families. The program achieves this goal through a wide range of eligible activities, including tenant-based rental assistance; down payment and closing cost assistance to homebuyers; property acquisition; new construction; reconstruction, relocation, and rehabilitation of property; site improvements; and other activities to develop non-luxury housing.

HUD distributes a formula allocation of federal funds to each state and entitlement city. A minimum of 15 percent of the funds the state receives is set aside for programs owned, developed, or sponsored by CHDOs. Approximately one-half of the HOME program funds will be set aside for single-family programs (homebuyer assistance, and/or homeowner rehabilitation of existing housing, and/or new construction of individual single-family homebuyer units). All HOME funds must assist families below 80 percent of the area median income. All qualified entities may draw from the set-aside.

The other half of the funds will continue to be distributed on a competitive basis to entities conducting rental projects (new construction, TBRA, rehabilitation, and/or acquisition) and single-family housing development projects (lease-purchase and self-help housing). All cities (excluding the entitlement cities of Billings, Great Falls, and Missoula in the first round of applications), towns, counties, contiguous units of local government, public housing authorities, and community housing development organizations (CHDOs) are eligible to apply for HOME funds under the program.

A competitive rental application process ensures that funds are awarded to those programs providing the best response to local housing needs, that are the most ready to proceed, and that are consistent with the state's Consolidated Plan and the HOME program requirements.

HOME Application Deadline:	March 3, 2006
HOME Award Date (Tentative):	May 2006
HOME Administration Workshop (Tentative):	June 2006

To assure that applications are evaluated consistently and fairly, all projects are evaluated against ranking criteria set forth in the application guidelines published each year. An application can score a maximum of 600 total points, and must achieve a minimum score of 300 points in order to be funded. The ranking criteria and respective points available follow:

Financial Management	200 Points
Program Management	100 Points
Project Planning	100 Points
Capacity Determination	200 Points
Total Possible	**600 Points**

Funds are awarded to the top-ranked CHDO applications receiving a score of at least 300 points until the required 15 percent set-aside requirement is met. The balance of the funds is awarded to the remaining top-ranked projects achieving the minimum score, including any CHDOs not funded by the set-aside, until all funds are allocated. If all funds are not awarded due to an insufficient number of applications meeting the minimum funding threshold, the remaining funds will either be awarded through a second round of competition or retained and allocated in the next funding cycle.

A set-aside for single-family programs assumes that HBA and HOR programs are needed throughout the state. MDOC will take steps via a reservation formula to ensure single-family funds are distributed equitably throughout the state. Entities wishing to conduct HBA or HOR programs must demonstrate the ability to distribute funds. Requirements will include:

- ☑ Signing a contract with the MDOC;
- ☑ Submitting an approved management plan;
- ☑ Committing to comply with all state and federal regulations;
- ☑ Conducting an environmental review;
- ☑ Receiving local support for the program

Before implementing this change to the allocation of HOME funds, on September 26, 2005, the program conducted a METNet videoconference broadcast in 11 locations around the state. Prior to the videoconference, the program held on-site listening sessions around the state for several months to solicit comments on the proposed process.

The MDOC must ensure there are sufficient first-time homebuyer programs to utilize the American Dream Downpayment Initiative (ADDI) funds. The majority of the ADDI funds will be granted through the single-family allocation process. However, Montana's three

entitlement cities, Missoula, Great Falls, and Billings, are not large enough to receive an allocation of ADDI funds from HUD. Since the MDOC's allocation of ADDI funds was based upon the number of low-income renters in the state relative to the number of low-income renters in the nation, the MDOC will grant funds to Missoula, Great Falls and Billings based on the number of low-income renters in each city relative to the number of low-income renters in Montana. Of the state's ADDI allocation, Billings will receive about 14 percent of MDOC's allocation, Missoula 13 percent; and Great Falls 10 percent.

The cities will not be required to submit applications to the MDOC, but will be required to demonstrate a viable plan for disbursing the ADDI funds in a timely manner. Additionally, each city will be subject to all HOME regulations and MDOC requirements pertaining to the HOME program. Specifically, the cities will be required to:

- ☑ Sign a contract with the MDOC;
- ☑ Submit an approved management plan, to include outreach to residents of public and manufactured housing; and
- ☑ Conduct an environmental review.

Each city will have the option to enter into a contract with another entity of its choosing to manage its homebuyer program. The MDOC HOME program will have to approve the contract to ensure that proper procurement procedures were followed.

The MDOC ADDI funds granted to the cities can be combined with other city funds to provide sufficient down payment and closing cost assistance.

Match Requirement

Required contributions, or "match," for HOME applicants is a minimum of five percent of non-administrative HOME funds expended. A majority of applicants provide match in excess of the federally mandated 25 percent match. Therefore, any shortfall in the match requirement is provided by MDOC funds and/or previous years' excess match. Matching funds must be permanently committed to HOME assisted or HOME qualifying projects.

As a rule, investment from state/local government or private sources is eligible to qualify as a matching contribution. Eligible sources of match include: cash; the value of foregone interest, taxes, fees or charges by both public and private entities; value of donated land or real property; investments in on- or off-site improvements; bond financing; donated construction materials and voluntary labor. Federal funds (including CDBG funds) and owner financing/equity are ineligible match sources.

Period of Affordability

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land or other approved mechanisms will ensure

the period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods. Note that homeowner rehabilitation projects have no affordability requirements. However, HOME staff recommends restrictions similar to those for rental properties.

HOME PROGRAM PERIOD OF AFFORDABILITY				
Activity	Years of Affordability			
	5	10	15	20
New Construction				X
Rental Rehabilitation or Acquisition of Existing Housing				
Under $15,000 per unit	X			
$15,000 to $40,000 per unit		X		
Over $40,000 per unit			X	

Guidelines for Recapture or Resale

As shown in the previous table, homebuyer assistance programs are subject to a period of affordability, based on the amount of HOME dollars invested. Sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The **Resale** provision provides for the assisted property to remain affordable for the period of affordability. Any subsequent purchaser during the period of affordability must be low-income and occupy the property as his/her principal residence. The seller of the initial property will receive a fair return on his/her investment, but the unit must also be "affordable" to the purchaser. This can be accomplished with a deed restriction with the right of first refusal for the grantee to purchase the property. This provision is rarely used and will be used less in light of HUD's interpretation of regulations regarding repayment of grant funds during a foreclosure.

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested in another HOME-eligible activity. The beneficiaries of that investment must also be low-income households.

There are three acceptable methods of recapture:

1. Recapture the entire amount of the HOME investment. The amount may be reduced based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. Distribute net proceeds. Any equity may be distributed based upon the ratio of the HOME subsidy to the sum of the homebuyer's investment plus the HOME subsidy.

3. Guarantee the homebuyer's investment. If agreed upon, the program may allow the homeowner to recover all of his/her investment before recapturing the HOME investment.

Recapture in the Event of Foreclosure

In the past, the MDOC HOME program has interpreted HUD's regulations regarding foreclosure as: the grantee should try to recoup as much of the HOME investment as possible but, realistically, not to expect to receive any repayment because the HOME funds are usually in a subordinate position. However, in 2003, HUD issued a different interpretation of those regulations.

In cases where proper recapture policies are not in place, HUD now requires full repayment to the U.S. Treasury of any HOME funds invested in a home that ends up in foreclosure, regardless of the amount of funds actually recovered by the grantee from the sale of the home. For example, $15,000 of HOME funds is invested in a home; five years later that home is foreclosed upon and the program does not recapture any of the HOME funds, all $15,000 would have to be paid to the U.S. Treasury.

Therefore, all grantees using HOME funds for homebuyer assistance activities must ensure the repayment provisions in legal documents (deed restrictions, trust indentures, promissory notes, etc.) are based on net proceeds from sales and have the proper language in place to prevent repayment of funds to HUD in the event of foreclosure. Sample language that will meet HUD's requirements is below:

> "If the borrower becomes the subject of a foreclosure proceeding that results in the sale of part or all of the premises, all sums in excess of those paid to superior lien holders shall be paid to (*Grantee*) to apply to the outstanding balance of this loan. If there are insufficient funds to pay off the promissory note secured herein, (*Grantee*) may in its own discretion waive the payment of any or all of the outstanding loan balance."

Monitoring

At a minimum, all HOME projects will be monitored annually and at the conclusion of the project. Monitoring includes determining compliance with housing codes and applicable federal and state regulations and policies, assessing affirmative marketing actions and outreach to minority and women owned businesses, and ensuring that all funds have been properly expended and accounted for. The HOME program staff will specifically check HOME funds drawn on a minimum of 15 percent of the drawdown requests. In addition, monitoring visits will verify that participants' incomes and rents, purchase price or after-rehabilitation values are within HOME limits.

On-site visits of rental units are conducted throughout the period of affordability; the frequency of the visits is based on the number of project units. On-site visits of TBRA units are performed each year during an active TBRA grant. During on-site visits,

HOME staff members verify that properties meet HQS inspections, house income-qualified tenants, and charge rents that meet HOME requirements. HOME staff also validates program income or CHDO proceeds reports during on-site visits.

Annually, grantees that received funds for rental or homebuyer assistance programs are required to certify that their projects still meet affordability requirements. For rentals, grantees must certify that tenant incomes and project rents meet HOME limits and that the property continues to meet Housing Quality Standards. Homebuyer projects must certify that recipients of HOME funds continue to use the assisted property as their permanent residence and report any program income or CHDO proceeds resulting from property sales.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants, administered by the MDPHHS Intergovernmental Human Services Bureau, are to help improve the quality of existing emergency shelters for the homeless, make available additional shelters, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The grants are 100 percent funded by the HUD. The 10 regional Human Resource Development Councils receive 95 percent of the grant funds. The MDPHHS retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and the provision of follow-up and long-term services to help homeless persons escape poverty. Shelters assisted and services delivered are determined by the regional HRDCs.

The Montana Emergency Shelter program distributes funds based upon a formula allocation. The amount of funds allocated is determined based on poverty levels and general population in each service area, relative to the poverty and general population of the entire state. Funds are distributed to each HRDC. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken. The work plans must include how matching funds will be realized, and a certification of local approval verifying that budgets and work plans have been reviewed and approved by a representative of the respective jurisdiction. Each HRDC matches 100 percent of the funds received from ESG with local resources, primarily United Way funding and volunteer labor.

ESG funds provide medical services to homeless individuals and families, pay for hotel/motel rooms for homeless individuals, pay rent or mortgages for homeless families, and provide support groups, individual counseling, referral, advocacy, and transport to homeless persons. Shelters use funds to pay rent or mortgages, pay utilities, buy furnishings, and pay for maintenance and operational costs of their facilities. ESG funds also pay security deposits on rent or utilities (or first month's rent) to enable homeless families to move into their own dwellings. The MDPHHS has elected to allocate its funding to the ten nonprofit HRDCs across the state.

Monitoring

ESG funds will be distributed to each HRDC in Montana. The HRDCs submit annual work plans, budgets, and reports outlining which allowable activities will be undertaken. The MDPHHS enters into a contract with each HRDC, which will explicitly describe percentage limitations on staff operations established by HUD regulation. ESG staff monitors each HRDC onsite annually, following the work plan submitted, and checks expenditures made to ensure contract compliance.

APPENDIX A

MONTANA'S
HOUSING AND COMMUNITY DEVELOPMENT
CITIZEN PARTICIPATION PLAN
(April 1, 2006 - March 31, 2007)

INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) consolidated several formula grant programs in 1994. The programs include the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) Programs. The first three programs are currently utilized in Montana and are covered by the Consolidated Plan.
While not directly covered by the Consolidated Plan, the state is the recipient of a three-year HOPWA Grant, covering Montana and North and South Dakota, funded through a competitive grant, which is administered by the Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (MDPHHS). The funds are part of competitively awarded grants for housing, services and technical assistance, primarily for new programs in rural areas that do not qualify for federal block grant funding.

The Consolidated Plan brings together the planning, application, reporting, and citizen participation components for the three formula programs. The purpose of this narrative is to present the Citizen Participation Plan prepared by the Montana Department of Commerce (MDOC) Housing Division, a fundamental piece of the consolidated planning process.

The objectives of the plan are to ensure that the citizens of Montana, particularly low- and moderate-income persons, low-income households living in slum and blight areas, units of local government, public housing agencies, and other interested parties are provided the opportunity to and are encouraged to participate in the planning and preparation of the Five-Year Consolidated Plan and Annual Action Plan, including amendments to the plans, and the Annual Performance Report. In doing so, this narrative lays out the general guidelines around which the Consolidated Plan will be developed, sets dates and milestones along which the process will proceed, and outlines methods for citizens to guide and assist the state in formulating the plan.

THE CONSOLIDATED PLAN

The Consolidated Plan combines the planning, application, public involvement, and reporting requirements of the formula grant programs into one complete process. It promotes unifying opportunities for units of local government, the state, and others, thus

laying the foundation for development of cohesive, attractive, safe, and economically vibrant communities. The consolidated planning process encourages all citizens, especially low-income residents, to take part in shaping their own future.

The Consolidated Plan will provide the following information to citizens, public agencies, and other interested parties:

- The amount of federal funding and other assistance the state expects to receive during the upcoming plan year;
- The range of activities that may be undertaken; and
- The general program activities that will be planned in addressing the priority needs outlined in the plan.

The plan presents details on analysis and evaluation of priority needs for housing, economic development, and other community development statewide. In addition, it offers guidance on providing affordable housing, economic development, and other community development. The plan also contains HUD-mandated certifications that statutory guidelines have been followed.

THE PLANNING PROCESS

The Consolidated Plan is developed through public input solicited at meetings throughout the state. Some meetings occur before development of the draft report, thereby collecting distinct issue input and aiding policy formation. Others will be held after releasing the draft report, allowing interested parties an opportunity to review how the strategy has been designed and presented. These meetings will be scheduled at times and locations that will encourage broad citizen participation. To encourage participation by as many groups and individuals as possible, meetings may be held in the evening or during the lunch hour. The scheduling caters to citizens and organizations whose primary job may not be directly related to creating such a plan. Evening and lunch-time public participation meetings are intended to solicit the input of low- and moderate-income residents who may be unable to attend daytime meetings due to work conflicts. If a METNet videoconference meeting is scheduled, it will be held during normal business hours. The METNet meeting is also open to the public and offers additional opportunities for participation in the development of the Consolidated Plan to units of local government and other organizational representatives. Meetings may also be held in conjunction with other scheduled meetings, workshops, or conferences being held by the Housing Division and other organizations.

All citizens are encouraged to participate, including minorities and non-English speaking persons, as well as persons with disabilities. Upon request, the state will make all necessary accommodations to further the participation of these individuals. All public meetings are held in facilities that are accessible to persons with disabilities. HUD's

formula programs, alone and with other HUD-funded programs, have three basic goals pertinent to the Consolidated Plan: to provide decent housing; to provide a suitable living environment; and to expand economic opportunities. Providing decent housing may involve increasing the availability of permanent affordable housing for low-income households (without discrimination), assisting homeless people in obtaining appropriate housing, maintaining the affordable housing stock, and increasing supportive housing to assist persons with special needs. Providing a suitable living environment means improving the safety and livability of neighborhoods; deconcentrating housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. To expand economic opportunities, the comprehensive approach emphasizes the creation of accessible jobs, access to credit for community development, and assistance to low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Within our society, the complexity of development problems has risen significantly. Assessing and solving the difficulties has outgrown what is offered by narrow, functional programs. Montana's priority need problems demand links between human, economic, physical, environmental, and design concerns to build communities of opportunity. In order to gain this comprehension of development complexities, the consolidated planning process must collect the knowledge that exists in the community from citizens, local governments, private business, community-based organizations, and universities.

PUBLIC INPUT TO THE PLAN

Several opportunities for citizen input will be encouraged and provided during the development of the draft Annual Action Plan for April 2006 through March 2007. A notice will be sent to local governments, public agencies, member organizations, and citizens throughout Montana encouraging participation in the Consolidated Planning process. A minimum of two public input meetings will be held for the express purpose of receiving comments on housing and community development needs before the release of the Consolidated Plan. Notification of the meetings will consist of, but is not limited to:

- Posting dates, times and locations on the *Discovering Montana* Calendar of Events at: **http://app.mt.gov/cal/event**;
- Posting dates, times and locations of the public meetings on the MDOC Housing Consolidated Plan website at: **http://housing.mt.gov/Hous_CP_Apps.asp**;
- Publishing display ads in newspapers in and around location towns;
- Sending personal invitation letters to public officials and other interested parties in and around location towns using the Consolidated Plan mailing list.

Staff from the Housing Division may provide an opportunity for citizen participation at yearly conventions for the Montana Association of Counties and the League of Cities and Towns, time and budgets permitting. Staff will also attend other conferences and

meetings held throughout the state that provide a forum for additional public input on the Consolidated Plan.

The need for updated or additional information will be assessed to determine if further analysis is needed. If warranted, the new or updated information will be incorporated into current resource documents for use by applicants to the CDBG, HOME, and ESG programs.

The Annual Performance Report, for the program year covering April 1 through March 31, will be released to the public for review and comment. This report evaluates program activities performed during the program year. The public will be given an opportunity to examine the contents of the report for a minimum of 15 days.

PUBLIC COMMENT ON THE DRAFT PLAN

After the draft of the Annual Action Plan for the year ending March 31, 2007 is released in the fall, the plan will be available for public review and comment for a minimum of 30 days. The public will be notified through public notices printed in newspapers of general circulation. The newspaper notices will summarize the contents and purpose of the plan and contain a list of places where the full document is available. The phone number, including the TDD number, and address of the Housing Division, MDOC, will be included to assist those persons otherwise unable to locate complete copies of the draft Annual Action Plan. An Executive Summary, including information on how to obtain the full document, will be sent to all individuals, organizations, and agencies on the Consolidated Plan mailing list. The Internet will be used as a ready access to the Consolidated Plan documents.

A minimum of two public review meetings will be held on the draft Annual Action Plan for the year ending March 31, 2007. Technical assistance will be available to groups representing persons of very low- and low-income who request such assistance in developing proposals for funding assistance under programs covered by the Consolidated Plan. The level and type of assistance that is appropriate will be determined by MDOC based on ability to provide or arrange for such assistance, the cost of providing assistance, and other relevant factors.

RELEASE OF THE CONSOLIDATED PLAN

Citizens, public agencies, and other interested parties will be notified of the availability of the Annual Action Plan as adopted, amendments to the plan, and the Annual Performance Report. Citizens will be given the opportunity to examine the contents of

these reports for a minimum of 30 days for the Annual Action Plan and 15 days for the Annual Performance Report.

When practicable, written complaints regarding the Consolidated Plan, plan amendments, and Annual Performance Report will be responded to within 15 working days. A suitable response to those received by December 15, 2005 will be made by December 31. For those who wish to lodge a complaint about any of the documents, a letter is to be submitted to Leslie Edgcomb, Consolidated Plan Coordinator, Montana Department of Commerce, P.O. Box 200545, Helena, Montana 59620-0545.

OTHER CITIZEN PARTICIPATION

Citizen participation responsibilities are also placed on program applicants and recipients at the local level. Applicants must provide citizens, especially low and moderate-income residents, adequate notice and opportunity for meaningful involvement in the planning and development of applications. All hearings must be held at times and locations convenient to potential beneficiaries and in facilities that are physically accessible for persons with disabilities.

CDBG Program Requirements:

Unless re-applying for the same CDBG project submitted unsuccessfully in the previous year, the applicant must hold a minimum of two public hearings; one before preparing the application and one before passage of a resolution by the governing body authorizing the submission of the application. The first public hearing should be held not more than twelve months before the date of application. The second public hearing should be held not more than three months before the date of application. A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; a list of the names of persons who attended and a summary of comments by local officials and citizens is sufficient.

Applicants reapplying for the same project submitted unsuccessfully in the previous year must hold at least one public hearing before passage of a resolution by the governing body authorizing the submission of the application. The public hearing should be held not more than three months before the date of application.

The purpose of the first hearing is to give citizens an opportunity to identify and discuss their community's overall community development and housing needs and priorities, including the needs of low-and moderate-income persons, and to propose possible projects before the local government makes a decision regarding what project it will seek CDBG assistance for. The first hearing should also cover the estimated amount of

state CDBG funds available and provide a description of the activities eligible for CDBG assistance.

The purpose of the second hearing is to give citizens and other potential beneficiaries (especially low-and moderate-income persons) or residents of the proposed project area adequate opportunity to consider the potential impacts and benefits of the community's proposed project and to comment on it before it is submitted.

HOME Program Requirements:

HOME Program applicants must provide citizens adequate notice and opportunity for involvement in the planning and development of HOME applications. Applicants must:

- Hold a minimum of one public hearing or meeting before submission of the application. The purpose of the public hearing or meeting is to solicit public comment on community housing needs and priorities and to discuss the HOME program as a potential source of funding. A public hearing gives citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's HOME application before it is submitted. The Applicant should give due consideration to all comments before the determination of a proposed project. The public hearing must be held within two months of the deadline date of application.

- Submit a record of any public hearings or meetings and copies of the public notices for the hearings or affidavits of publication for the notices, held in relation to the application for HOME funds. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens are sufficient.

ESG Program requirements:

Prior citizen participation is not required.

AMENDING THE CONSOLIDATED PLAN

Possible amendments include changes in use of funds from one eligible activity to another, changes in the method of distribution of such funds, new activities, or alteration of the existing activities or budget. MDOC will make a determination as to whether the change is substantial enough to necessitate issuing an amendment to the plan. If so, MDOC will conduct a public review process with a minimum of one public review meeting and following the guidelines set forth above, present the amendment to the public for their review and comment. Other specific issues related to individual program guidelines are to be presented in the respective program application guidelines.

APPENDIX B

SUMMARY OF PUBLIC COMMENTS

PUBLIC INPUT MEETINGS

In the spring, an informational notice was sent to people on the Consolidated Plan mailing list inviting individuals, agencies, and organizations to participate in the preparation of the Montana Consolidated Plan Annual Action Plan for the year beginning April 1, 2006. Display advertisements were placed in major newspapers around the state asking for public comment, giving dates and locations of the upcoming public input meetings. Display advertisements for each of the individual meetings were placed in the local newspapers, and personal invitation letters were sent to local officials, public agencies, and interested citizens in each area. The meeting notices were also posted on the *Discovering Montana* E-Calendar at:

http://app.mt.gov/cal/event

Additionally, the information on the dates, times, and locations of the public meetings was posted on the "Current Events" section of the Consolidated Plan web page:

http://housing.mt.gov/Hous_CP_Apps.asp

Kalispell and Livingston

In April and May 2005, two on-site community input meetings were held:

Kalispell, located in northwestern Montana, April 13; and

Livingston, in south-central Montana, May 10.

The meeting in Kalispell was held during the lunch hour, 12:00 1:15 p.m., with a free lunch buffet provided. The Livingston meeting was being held during the lunch break for the Montana Board of Housing's Tax Credit Workshop and also included a free lunch buffet. Representatives from HOME, CDBG, and the Montana Board of Housing were present at all the meetings to answer questions and respond to public comments.

Turnout at the public meetings was very good, with 18 people attending in Kalispell, and 34 people in Livingston, excluding MDOC and MBOH staff members.

Public Comments

Comments received at the meetings generally related to the requirements of the individual programs. Most questions were either answered on the spot by representatives from the individual programs, or were referred to the appropriate program for later follow-up.

PUBLIC REVIEW MEETINGS

The draft Consolidated Plan Annual Action Plan for 04/01/2006 – 03/31/2007 was released to the public in October 2005. A public comment period was open through December 15, 2005. Notifications were sent to individuals and organizations on the Consolidated Plan mailing list. Display advertisements were placed in key newspapers announcing: the comment period, the website address for the documents, where to obtain hard copies of the document, where to send written comments, and the date and locations of the local, on-site meetings. The meeting notices were also posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.
Additionally, display advertisements for each of the individual meetings were placed in the local newspapers, and personal invitation letters were sent to local officials, public agencies, and interested citizens in each area.

Glendive, Helena, and Havre

Three community public review meetings were held: Glendive, in eastern Montana on October 12; Helena, October 26; and Havre, in north central, on November 9. The meetings were held in conjunction with the joint housing application workshops sponsored by the MDOC's CDBG and HOME Program, the Montana Board of Housing (MBOH), and U.S. Department of Agriculture Rural Development (USDA RD). In Havre, Bear Paw Development's Board of Directors' meeting preceded the lunchtime meeting. A free buffet lunch was available at all three locations. Excluding MDOC staff, 16 people attended the meeting in Glendive; 40 in Helena; and 30 in Havre

Representatives from HOME, CDBG, Section 8, and the MBOH were present at all the meetings to answer questions and respond to public comments.

Comments from the interested parties participating in the September 26, 2005 videoconference sponsored by the HOME program (see page 25 of the Draft Annual Action Plan) are summarized, along with the program's responses, in Appendix C. In addition, responses to comments and questions received during the Consolidated Plan Meetings in October and November can also be found in Appendix C

MEETING SUMMARIES

Copies of the meeting summaries from the public input and review meetings are on file with the Montana Department of Commerce, Housing Division; 301 South Park Avenue; P.O. Box 200545; Helena, Montana 59820.

APPENDIX C
SUMMARY OF COMMENTS
HOME PROGRAM PROPOSED PILOT PROGRAM

BACKGROUND

At the urging of several grantees, the Home Investment Partnerships (HOME) program is proposing to simplify its allocation process, improving equitable distribution of HOME funds throughout the state and using this limited resource of funds in a more strategic manner. The proposed change would impact only those grantees interested in conducting homebuyer assistance (HBA) and homeowner rehabilitation (HOR) programs. The proposed changes to the process were discussed during a public videoconference meeting prior to the Consolidated Plan public review meetings and the joint housing application workshops. Interested parties were encouraged to participate in the videoconference, held on September 26, 2005 from 1:00 to 2:00 p.m., at one of 11 locations:

Billings	MSU-Billings - 214 N Broadway - 1st Floor Conference Center
Bozeman	MSU - EPS Building, S 7th and Grant - Burns Center Room 126
Butte	Montana Tech - 1300 W Park St - ELCB, Room 225
Dillon	UM-Western - 710 S Atlantic - STC 2nd Floor, Board Room 201 - Great Room 203, 204
Great Falls	GF College of Technology - 2100 16th Ave S, Room B-133
Havre	MSU-Northern - 300 11th St W - Hagener Science Center, Room 202
Helena	DPHHS - 111 Sanders St - Lower Level Auditorium
Kalispell	Flathead Valley CC - 777 Grandview Dr - Learning Resource Center, Room 120
Miles City	Miles Community College - 2715 Dickenson St, Room 106
Missoula	UM - Corner of Arthur and Eddy - Gallagher Building, Room 104
Sidney	Community Memorial Hospital

The HOME Program's current application process requires applicants to establish the need for HBA and HOR in their area. However, a variety of sources have documented that there is a gap in most areas of the state between household income and the cost of purchasing housing. In addition, the MDOC *Housing Condition Study* (February 2005) shows a high number of homes in need of rehabilitation. Therefore, it is no longer necessary to require applicants to document that need in a HOME application.

Unfortunately, this pilot program does not provide additional funds to meet the state's demand for homebuyer assistance or homeowner rehabilitation. As is the case today, the needs will continue to outpace the resources the HOME Program has to address them. However, the pilot program does attempt to distribute funds in a more efficient and equitable manner.

SUMMARY OF COMMENTS RECEIVED

Comment: *District allocations will not be sufficient to meet the demand for single-family projects.*

Response: Most areas that expressed concern have historically spent less than the proposed allocations. For example, during the last six years, seven entities in the Flathead area have spent, on average, a total of $290,086 per year, while the allocation for that four-county district is estimated to be $319,975 for FFY 2006. This suggests that there will be sufficient funds for that district.

Also note that the pilot program requires that funds not used in a given district within 18 months be made available on a statewide basis. This will likely provide additional funds to areas that forecast a higher demand for funds.

There are currently insufficient funds to meet the demand for homebuyer assistance and homeowner rehabilitation. The HOME program cut back funding for applicants during the FFY 2005 grant cycle – the decision to provide only two-thirds of the amount requested was made to distribute funds more evenly throughout the state. Such a policy would be likely to continue at the state level. Under this pilot program, organizations have the opportunity to more strategically plan how to use their district's funds. That strategy no longer will depend upon decisions made by the HOME staff, but can be made by local housing practitioners.

Comment: *What was the rationale for setting aside one-half the HOME allocation for single-family projects?*

Response: Historically, one-half of Montana's HOME funds have been granted to entities conducting single-family programs, while the other half has been used for multi-family programs. While history is not always a precise predictor of the future, it is rational to begin with that amount.

Comment: *What is the HOME program's rationale for requiring Mutual Self-Help projects to access HOME funds under the competitive process?*

Response: Mutual Self-Help projects require a guaranteed funding source to assure the success of the project. Mutual Self-Help projects are typically located within areas of the state with greater housing pressure, and thus greater competition for a given district's single-family HOME allocation from multiple qualified entities. By requiring Mutual Self-Help projects to apply for HOME funds under the competitive process, if awarded they are guaranteed a fixed and stable funding source.

Comment: *Construction costs have escalated, creating more demand for these funds for new construction of Mutual Self Help homes.*

Response: Construction costs have indeed increased, and will continue to outpace any expected increases in the state of Montana's annual HOME allocation. This is true for all of the programs in which HOME funds are invested, whether it is new construction of rental housing or rehabilitation of existing single- and multi-family housing. Such increases only support this pilot program's attempt to streamline entities' access to the HOME funds.

Comment: *Longer periods are needed for reservation of the funds.*

Response: The U.S. Department of Housing and Urban Development (HUD) continually emphasizes the importance of quickly committing and disbursing HOME funds. Therefore, the Montana HOME program must strike a balance between administering programs and HUD's emphasis on timely disbursement.

In response to comments, the pilot program will allow for 120 days between set-up and completion for homebuyer assistance to existing homes, and 180 days between set-up and completion for homebuyer assistance to homes under construction. This standard follows that set by the Montana Board of Housing (MBOH). For homeowner rehabilitation programs, 180 days will be the limit between set-up and completion. Based on feedback from existing programs in rural areas of the state, 180 days is typically sufficient time to complete rehabilitation on a home.

Note: These deadlines are not from the time funds are available to the time of completion. Rather, these deadlines are from the time a participant has been identified and qualified to participate in the program to the time the transaction is completed.

Comment: *USDA Rural Development (RD) would like to have the HOME program accept RD's application, rather than having an organization submit a HOME Qualification Package.*

Response: As long as an entity can demonstrate that all required information is included in an RD application, the HOME program would be amenable to accepting it. The entity would need to indicate which portions of the RD application meet the requirements of the HOME Qualification Package. The HOME program will currently accept existing management plans. If an entity will be using HOME funds for other than RD programs, it would probably be best to submit a HOME Qualification Package.

Comment: *How would the reservation process work?*

Response: Once a homebuyer or homeowner is qualified, the qualified entity would submit a set-up report via e-mail to the HOME program. Funds would then be reserved for that specific activity for 120/180 days. The entity would then mail the supporting documentation for the set-up report, draw funds when ready, and then submit a completion report with necessary documentation. Clearly, the 120/180-day reservation deadline is to prevent entities from reserving all funds before actual homebuyers or homeowners are ready to participate in the program.

Comment: *What will the administration fee be for homebuyer assistance programs?*

Response: The HOME program gathered information from existing programs to determine the cost of administering homebuyer programs. Based on that research, HOME has set the administration fee to a maximum of $1,500 for HBA programs. Entities may continue to collect administration fees as soft costs. Due to federal regulations, qualified entities will continue to provide documentation to justify the reimbursement of soft costs up to the $1,500 limit.

Comment: *How will the required 15 percent set-aside for CHDOs be met?*

Response: Homebuyer assistance and homeowner rehabilitation programs have never qualified as activities to fulfill the 15 percent CHDO set-aside. CHDOs must own, sponsor, or develop properties in order to access the CHDO set-aside. Therefore, that set-aside will continue to be met through multi-family applications. CHDOs may become qualified to conduct homebuyer assistance and homeowner rehabilitation programs, but they will not be given preference through the CHDO set-aside.

Comment: *If the allocated amount is not used within the 18 months, can a district access that funding the next year? (This was specifically a concern for programs that do not currently exist, i.e., there would be time spent to develop the program that would cut into the 18-month reservation period.)*

Response: Again, the 18-month deadline for funds to be used in a given district before being released on a statewide basis strikes a balance between HUD's requirements to disburse funds in a timely manner and the need to disburse funds throughout the HOME program's jurisdiction. If a district does not use its funds within 18 months, those funds will be released to the rest of the state. The following year, another allocation will be made to that district for its use.